

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
BRIEF**

74-2455

IN THE UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

Raphael J. Costanzo,
Plaintiff-Appellant

vs.

Appeal Docket No.
74-2455

Stanley Arron,
Visa Therm Products,
Anna Arron, Anna Arron
Executrix of Estate of Max
Arron,
Defendants-Appellees.

APPEAL FROM THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT
OF CONNECTICUT

HONORABLE THOMAS F. MURPHY,
JUDGE
Non Jury

Brief of Plaintiff-Appellant

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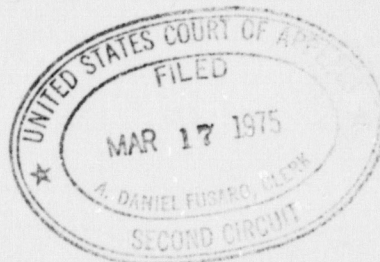


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References noted by Trial Court in its Opinion with respect to the Costanzo Patent:

Winchell U.S. Patent 3,079,486

Williams U.S. Patent 1,703,583

Theodore U.S. Patent 3,010,007

Carrona U.S. Patent 3,084,241

Jacobsen U.S. Patent 2,329,766

Marick U.S. Patent 2,277,772

British Patent 546,812

Cordless Power Publication by Robert McCarthy

ISSUES PRESENTED

1. Did the Trial Court commit an error of law in finding Plaintiff-Appellant's U.S. Letters Patent No. 3,293,405 (PX-1) invalid in view of the overwhelming evidence presented at trial in support of patentability of Plaintiff-Appellant's invention.

2. Did the Trial Court properly exclude as evidence Plaintiff-Appellant's corresponding foreign patents granted in Canada, Great Britain, Japan, Norway, Russia, Switzerland, France and Belguim.

3. Did the Trial Court make a sufficient finding of facts as required by Rule 52(a) to support the Trial Court's conclusion that Plaintiff-Appellant's Patent 3,293,405 (PX-1) is invalid in its entirety; i.e., that each of the four (4) claims of said patent is invalid, when only one claim of the patent (PX-1) was in issue.

4. Did the Trial Court, in view of its findings that the Defendant-Appellee, Stanley Arron, was guilty of "unclean hands" in securing his U.S. Letters Patent No. 3,392,264 (PX-2) and a further finding that the subject matter of Defendant-Appellee's second Patent No. 3,524,965 (PX-3) was placed on "public sale" more than one year before the filing of the patent application in violation of 35 USC 102(a), improperly deny Plaintiff's request for cost and reasonable attorney's fees.

5. Did the Trial Court in view of the abundant evidence presented at trial commit an error in concluding that Defendant-Appellee, Stanley Arron, did not appropriate Plaintiff-Appellant's invention.

STATEMENT OF THE CASE

This is an appeal by Plaintiff-Appellant, Rapheal J. Costanzo, (hereinafter referred to as Plaintiff or Costanzo) from a judgement rendered by the Honorable Thomas F. Murphy holding that Plaintiff's U.S. Letters Patent No. 3,293,405 (PX-1) is invalid, and dismissing Plaintiff's claim that Defendants-Appellees (hereinafter referred to as Defendants or Stanley Arron) had unlawfully appropriated Plaintiff's invention prior to the granting of Plaintiff's patent.

A statement of facts leading up to the District Court's holding of invalidity of Plaintiff's patent (PX-1) in suit and the dismissal of Plaintiff's claim of misappropriation of Plaintiff's invention can be stated as follows.

The undisputed facts are that Plaintiff Costanzo and Defendant Stanley Arron were former close business associates. Costanzo, while not a college graduate, had acquired considerable education and experience of a technical nature in the electrical arts and he served for a number of years as Research Director for the Harvey Hubbell Company in Bridgeport, Connecticut, prior to becoming associated with Defendant Stanley Arron. Over the years, Costanzo was granted a number of patents pertaining to the electrical arts, including the patent in issue, viz.,

3,293,405 (PX-1). Defendant Stanley Arron's background and experience was in retail selling and merchandising. (TT-561)*

On November 5, 1963, Plaintiff Costanzo and Defendant Arron entered into a written agreement (PX-527)** wherein they agreed to form a corporation to manufacture and sell an electric boat stove which was invented by Plaintiff Costanzo. Pursuant to this agreement, Costanzo and Arron formed a Connecticut Corporation (TT569-570) on or about October 29, 1963 (PX-169) and commenced doing business at Stanzo Electronics Industries, Inc. (PX-169A). Costanzo acted as president and assumed the technical development and manufacturing phase, and Defendant Stanley Arron acted as vice president assuming the marketing and financial responsibility of the corporation. The stock of the company was to be equally divided but, it was never issued; although Defendant Stanley Arron filed successive annual reports to the Secretary of State indicating that the stock was issued (PX-169A). The corporation so formed did not prosper and it was dissolved by operation of law on or about September 1966 (TT570).

*Reference (TT-561) refers to the Trial Transcript page 561. All references to (TT-) made herein refer to the Trial Transcript pages not reproduced in the Appendix.

** (PX-527) as used herein PX refers to Plaintiff's Exhibit followed by its identification number as marked into evidence at trial. The trial exhibits referred to herein are reproduced in a separate Exhibit Volume which accompanies this brief.

The agreement (PX-527) which Costanzo and Stanley Arron entered into expressly provided that except for the inventions expressly included in said agreement, "the corporation will not acquire any shop right, interest or license in or to any other idea, invention or patents developed or conceived by Costanzo without written consent" from Costanzo.

It is undisputed that during the Costanzo-Arron association, Costanzo developed an electric sock (PX-28), and that this electric sock was not within the scope of said agreement (PX-527). Costanzo constructed his first model embodying his concept early in February and March 1964. (PX-78) (Plaintiff's Appendix, pages 192,193)¹. The Costanzo heated sock patent (PX-1) is directed to a wholly self-contained electric sock having a specifically constructed heater located in the toe portion of the sock which was energized by a small 1 1/2 volt battery carried in a pouch at the hem of the sock.

Costanzo thereafter disclosed his heated sock invention to Defendant Stanley Arron (PX-28), and it was orally agreed that Defendant Stanley Arron could participate with Costanzo in the promotion and/or manufacture of the Costanzo electric sock. Together and separately both Costanzo and Arron disclosed

¹ Testimony of Mrs. Kathleen Biafore. Mrs. Biafore was secretary to Plaintiff Costanzo's Patent Counsel, and she testified she saw an early model (PX-78) of Costanzo's heated sock in suit and had conversation with Plaintiff Costanzo concerning said model PX-78 in March 1964.

the electric sock invention to various interested parties; but only on a confidential basis. Each time the Costanzo electric sock invention or other inventions were disclosed to an interested party, a confidential disclosure agreement was entered into.² (PX-281C, PX-11, PX-13, PX-23, PX-35).

On May 5, 1964, Stanley Arron confidentially disclosed the Costanzo electric sock invention to Seneca Knitting Mills (PX-23). Unbeknown to Costanzo, Defendant Stanley Arron entered into a written agreement with Seneca Knitting Mills in his own name to manufacture and sell an electric sock embodying the Costanzo invention (PX-49). This agreement (PX-49) was dated September 24, 1965. After Stanley Arron had executed this Seneca Agreement (PX-49), Stanley Arron gradually ceased his association with Costanzo and their corporation Stanzo Electronics Inc. was subsequently dissolved by operation of law on or about September, 1966. (TT-570) (PX-169B).

On September 13, 1965, Costanzo filed a patent application for his heated sock invention in the United States Patent Office on which the Costanzo patent in issue (PX-1) was granted on December 20, 1966.

² Defendant Stanley Arron in accordance with Costanzo's instructions confidentially disclosed the Costanzo concepts to interested parties as evidenced by Confidential Disclosure Agreements PX-281C, PX-11, PX-13, PX-23, PX-35.

On December 27, 1965 Costanzo, still unaware that Stanley Arron had executed an agreement (PX-49) with Seneca Knitting Mills of New York, executed a written license agreement (PX-230) with a Benjamin Hines who later organized Timely Products Corporation to manufacture and market the Costanzo electric sock invention. This sock is still being currently manufactured and sold in quantity by Timely Products Corporation.

Meanwhile, Defendant Stanley Arron filed a patent application in his own name on October 23, 1965 for an electric sock similar to the Costanzo invention, and was granted a patent on July 9, 1968 (PX-2). The Stanley Arron Patent 3,392,264 (PX-2) was granted by the Patent Office only after Stanley Arron filed a Rule 131 Affidavit (PX-2A) to swear back of the filing date of the Costanzo Patent (PX-1) in suit which had issued some eighteen (18) month earlier. On the evidence presented, the Trial Court found that Stanley Arron's conduct in withholding relevant information as to his prior association with Costanzo from the Patent Office and of two alterations made by Stanley Arron in documents offered to the Patent Office to swear back of the Costanzo filing date was both willful and intentional.

(Joint Appendix 105) * It was also established that Stanley

* Joint Appendix as used herein refers to that Appendix volume to which both Plaintiff and Defendant could agree. As to other material to support their respective appeals, Plaintiff and Defendants have filed a separate appendix.

Arron withheld information from the Patent Office as to two references which were noted by Stanley Arron on a preliminary search. The Trial Court thus found Arron guilty of unclean hands with respect to the Arron sock patent PX-2.

On March 24, 1966 Stanley Arron terminated his agreement with Seneca Knitting Mills (PX-282) (PX-283) and together with Max and Anna Arron (Stanley Arron's mother and father) formed Visa Therm Products Corporation, the Defendant Corporation for the specific purpose to manufacture and sell electric socks embodying the Costanzo invention.

On March 4, 1969 Defendant Stanley Arron filed a second patent application which eventually issued as Patent No. 3,524,965 on August 18, 1970 (PX-3). Because this second application was a continuation-in-part application of a previous abandoned application, it had an effective filing date of November 29, 1966. (Joint Appendix 106).

It was also conclusively proved at trial and the Court so found that the subject matter of Arron's second patent (PX-3) was placed "on sale" and "in public use" more than one year prior to the effective date of November 29, 1966. (Joint Appendix 112). These facts were established by the testimony of a witness Mr. Pillar. He testified that he had purchased from the Defendant and advertised Defendant's structure as early as November 5, 1965 as evidenced by the Outdoor Life Magazine issue of November 5, 1965 (PX493). Thus the court found Stanley Arron's Patent No. 3,524,965 invalid under 35 USC 102(a). (Joint Appendix 112).

8

On or about March 16, 1967, Plaintiff filed this action alleging patent infringement and unfair competition by way of misappropriation.

An amended complaint (Joint Appendix 26 - 45) was filed on or about October 14, 1970 alleging a further cause of action under 15 USC 13 (a) for price discrimination.

In an amended answer (Joint Appendix 46 - 64) filed on or about November 3, 1970, Defendants counterclaimed for patent infringement of Defendants' two patents, Nos. 3,392,264 (PX-2) and 3,524,965 (PX-3).

THE COSTANZO PATENT IN SUIT

The Costanzo Patent 3,293,405 (PX-1) is directed to an improvement in battery heated electric socks in which a small one and one-half (1 1/2) volt flashlight type battery is carried in a pouch adjacent the top of the sock and in which a specifically constructed heater is located in the toe portion of the sock. Costanzo discovered that physiologically, maximum heating benefit could be achieved with a minimum amount of heat input by utilizing a heater assembly consisting of thin, flat, very narrow strip of resistance ribbon sandwiched between a covering sheet of material adhesively secured in back to back relationship in heat conducting relationship to the resistor strip. The arrangement is such as to conduct and diffuse the heat generated by the narrow strip of flat resistance material to the covering material over an area which is greater than the area of the resistor strip so as to generate a comfortable degree of heat which is transmitted to the toes for a reasonable period of time. The covering material in addition functions to maintain the integrity of the delicate resistor strip and to reinforce the electrical connection between the resistor and the conducting wires. Thus Costanzo for the first time developed a practical and workable low 1 1/2 volt battery heated sock which was

completely self-contained and which was capable of generating a comfortable degree of heat for a reasonable period of time. Costanzo thus succeeded for the first time to make an electrically heated sock which could successfully operate on a 1 1/2 volt flashlight battery which could be integrally connected to a sock body.

An embodiment of the Costanzo heated sock as described and claimed in the Costanzo Patent is illustrated in the attached drawing* on page 11A.

*

This drawing was introduced into evidence at the trial in a blow-up form as PX-474. It is a true reproduction of the drawing of the Costanzo sock patent PX-1.

Fig. 1

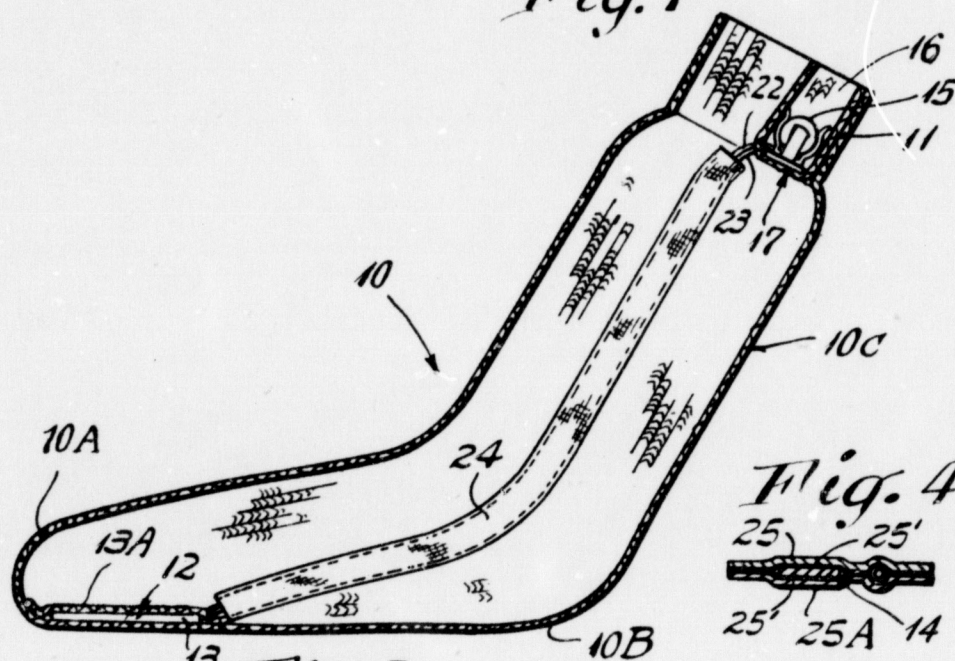


Fig. 4



Fig. 3

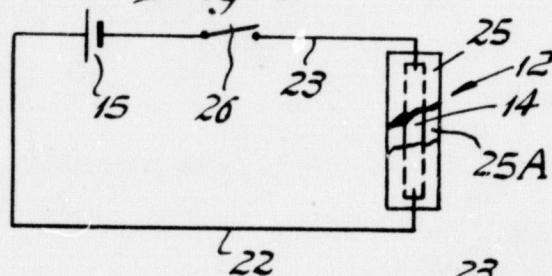
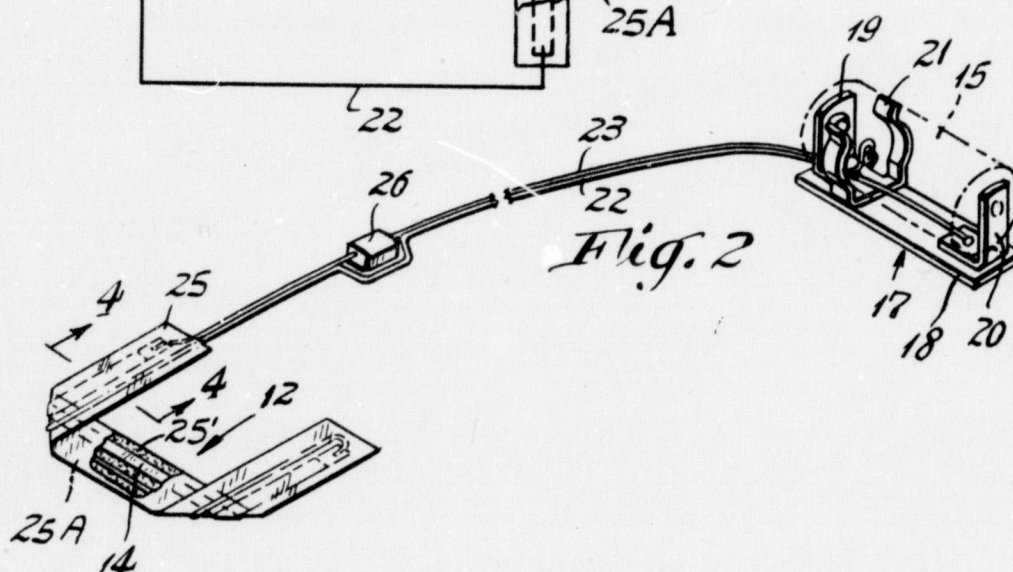


Fig. 2



Costanzo's claim 2, the only claim of the Costanzo Patent (PX-1) placed in issue* reads as follows:

"2. In combination

(a) a woven sock (10) having a toe portion (10A), a heel portion (10B) and a connected leg portion (10C),

(b) means defining a pocket (16) adjacent the upper end of said leg portion adapted to receive a low voltage battery (15) of less than 6 volts,

(c) electrical non-conductive means defining a pocket (13A) in the toe portion (10A) of said sock,

(d) a heater (12) disposed in said toe pocket (13A),

(e) said heater (12) including a flat resistor strip (14) of electrical resistance material,

(f) radiation means (25-25A) connected in heat transfer relationship to said flat resistor strip (14) for defining an expanded radiation surface for said heater,

(g) said radiation means including a pair of heat conducting sheets (25-25A) of material for sandwiching said resistor strip in heat transfer relationship therebetween.

(h) means (25') joining said heat conducting strips together and electrically insulating said strips from said resistor strip,

(i) electrical conductors (22-23) connecting said resistor strip (14) in circuit to said battery, and

(j) means (24) maintaining said conductors against the leg portion of said sock."

*See Joint Appendix 82 wherein the Trial Court expressly found the only claim 2 of the Costano Patent (PX-1) is in issue. The numbers in parentheses refer to the reference numerals of the Costanzo Patent drawing to identify the claimed structure.

THE PRIOR ART

As the court noted (Joint Appendix 83,84) the relevant prior art was described by Costanzo in his patent as follows:

Heretofore all the known efforts to electrically heat such a sock required a source of electrical power which was extaneous or remotely disposed from the sock itself, e.g., a fixed source, such as household or vehicle power, or a portable power pack carried on the person's body. When the line current from a fixed source of electrical power was utilized, e.g., in a home or vehicle, the mobility of the person wearing such heated sock or footwear was necessarily limited to the length of cord or wire required for conducting the current from the fixed power source to the sock. Consequently, such socks had only limited application, as for example, when sleeping, resting or when flying an airplane or operating some other vehicle wherein movement of the wearer was necessarily confined and where sufficient power was available to energize the heater of such socks.

To obviate the mobility handicap of such electrically heated footwear socks, efforts have been made to provide a portable power pack by which the heater of such socks or footwear may be energized. Because of the energy heretofore required to energize the heater used in such socks, such efforts resulted in utilizing a relatively large size battery or power pack which had to be worn by the wearer about his waist. For this reason long conductors or wires were required to extend along the body of the wearer to connect the power pack to the heating means disposed within the sock or footwear. Such power packs, however, due to the size requirements of the battery necessary to energize such heaters, were relatively bulky, heavy and cumbersome to wear. Also, the wires required to extend from the power pack of the person wearing such sock and associated power pack unit. (Column 1, lines 15 through 47, Costanzo Patent No. 3,293,405.)

Mr. Dennis Murphy, Plaintiff's expert witness ³ testified that prior to the Costanzo invention three U.S. companies, viz., Northern Electric Company (subsequently acquired by the Sunbeam Corporation), Burnham and Kemco (Plaintiff's Appendix 152) had each manufactured substantially similar battery heated socks. Mr. Dennis Murphy, who had worked as Chief Product Engineer (Plaintiff's Appendix 139) for the Northern Electric Company, testified that Northern Electric first produced a battery heated sock in 1953 and continued to manufacture the product until 1972 when production of this item was ended. Mr. Dennis Murphy testified that the Northern Electric heated sock was a 6 volt

³ Mr. Dennis Murphy, Plaintiff's expert witness, is without doubt the most knowledgeable person in the United States with respect to the history and development of battery heated socks. Mr. Dennis Murphy is a qualified electrical engineer who was Chief Product Engineer for Northern Electric Company who developed and produced the first known 6 volt battery heated socks exemplified by (PX 325) (Plaintiff's Appendix 137, 138) Mr. Murphy was employed by Northern Electric from 1957 to 1961. Subsequently he founded his own company to manufacture and further develop electric socks embodying the Costanzo sock concept. This he did from 1968 to 1972. All told, Mr. Murphy had some sixteen (16) years of actual experience directly related to the manufacture of heated socks and who was thoroughly familiar with both the prior art structures and Plaintiff's heated sock patent and construction.

sock requiring two large six volt batteries which were required to be carried on the waist of the wearer. (Plaintiff's Appendix 143) Wire conductors were then extended down the legs of the wearer to connect the heater in the sock in circuit with the batteries on the waist. Mr. Dennis Murphy further testified that the heater construction in these 6 volt battery socks were of the "blanket type heating wire." (Plaintiff's Appendix 143) The "blanket type heating wire" as described by Mr. Dennis Murphy consisted of a round resistance wire coiled about a fibrous or "forticon" core and which coil wire was encased in a polyvinyl plastic covering. Plaintiff's exhibit (PX-325) was introduced into evidence as exemplary of the 6 volt latter battery sock which was manufactured by Northern Electric Company, Kimco and Burnham. It was also noted that the large latter battery heated sock (PX-325) was also manufactured by a Japanese firm and imported into the United States in the period 1966 to 1968 (Plaintiff's Appendix 156, 157).

Mr. Dennis Murphy further in his testimony chronicled the difference between the Costanzo patented sock construction (PX-1) and the prior 6 volt latter battery heated socks and how the Costanzo construction constituted a significant advance thereover (Plaintiff's Appendix 159, 158).

Mr. Dennis Murphy demonstrated to the court the difficulty one would encounter in just putting on the 6 volt lattern battery sock. (PX-325) Mr. Dennis Murphy demonstrated that to properly wear the 6 volt sock, one would have to first take off his trousers or pants. This was necessary in order to run the conductor wires from the battery down one's legs to connect to the heater in the sock. Conversely, a woman would have to run the wires from the battery to the sock beneath her dress. It was also demonstrated how the two large lattern batteries were required to be strapped to one's waist and thereby present a rather heavy, cumbersome and unsightly burden. It was also demonstrated that plugs and snaps of the 6 volt prior art socks (PX-325) had to be snap-fitted to connect the battery, conductor wires and heater in circuit.

The Trial Court was also apprised of the details of construction of the heater assembly used in the 6 volt lattern battery socks (PX-325). It was brought out that the "roundness" of the "blanket heater type" wire was uncomfortable. That a large portion of the sole of the 6 volt socks was required to be covered by the heating elements to generate the required amount of heat, and how the wires running down the legs of the wearer handicapped his mobility.

The technical disadvantages of the six volt lattern battery

socks were also pointed out to the court by Mr. Dennis Murphy. Plaintiff's expert, Mr. Murphy explained to the court how the long wire conductors introduced a high resistance into the circuit to result in a line loss which necessitated the need for large batteries. (Plaintiff's Appendix 173) It was also pointed out to the court how the numerous connections, and snap-fittings required by the 6 volt lattern type battery socks resulted in a voltage drop which cumulatively resulted in the loss of much efficiency and substantially shortened the life of the battery. (Plaintiff's Appendix 173).

Mr. Dennis Murphy explained to the court another problem encountered with the 6 volt lattern battery, viz., that it was difficult to adapt the lattern battery sock to both tall and short persons due to the fixed length of the conductor wires connecting the batteries to the heater of the sock (Plaintiff's Appendix 157, 158, 163, 164).

From a production standpoint and first hand experience, Mr. Dennis Murphy also testified that the 6 volt battery heated sock encountered many production difficulties. The cost of production was high, thereby requiring the 6 volt socks to be retailed at a price normally ranging between \$14.95 to \$16.95, (Plaintiff's Appendix 158) excluding the cost of the batteries. The 6 volt battery, it was pointed out, retailed at a price

between \$.90 and \$1.70 each, and two (2) were always required. Thus, Mr. Dennis Murphy pointed out that large, cumbersome and expensive batteries were required to make up for the inefficiency of the overall circuit of the 6 volt socks.

In comparing the advantages of the Costanzo patented sock construction (PX-1) (Plaintiff's Appendix 169), Mr. Dennis Murphy pointed out that Costanzo's patented construction reduced cost of manufacturing in half. The Costanzo sock could thus be retailed at approximately \$8.95. Batteries' cost were also reduced as the 1 1/2 volt battery could be bought at a fraction of the price paid for the large six volt battery.

Mr. Dennis Murphy also pointed out that the Costanzo construction could be worn like any ordinary pair of socks. Long wire length and inefficiencies resulting therefrom were eliminated. Men and women alike could wear the Costanzo construction with equal ease. Large, bulky batteries were not needed to be strapped to the waist. Mobility of the wearer was increased with the Costanzo concept. Skiers and hunters no longer feared snagging of the leg wires which was an inherent problem with the 6 volt lattern battery socks, as evidenced by (PX-325). The Costanzo construction afforded greater comfort since the bulk of the heater construction under foot was drastically reduced. (Plaintiff's Appendix 170,171,172,173).

Mr. Dennis Murphy further testified as to the relative commercial success of the prior art 6 volt lattern battery socks and the Costanzo patented construction. Mr. Dennis Murphy pointed out to the court that Northern Electric never sold more than 30,000 pairs of such socks in a given year. (Plaintiff's Appendix 161). Evidence was introduced that the Costanzo construction sold well over 100,000 pairs in a given year. Evidence was also introduced to show that within five years, the Costanzo patented construction completely obsoleted the 6 volt lattern battery sock to a point where the six volt socks are no longer being manufactured, and that all of the competitors, including the Defendants have now gone to the Costanzo patented 1 1/2 volt self-contained sock construction.

Plaintiff's expert, Mr. Dennis Murphy further testified from first hand experience how he was in charge of the product development group at Northern Electric from 1957 to 1961 and of the numerous ways Northern Electric tried to improve the 6 volt sock construction to attain a better competitive advantage. (Plaintiff's Appendix 142). Mr. Murphy testified as to the make up of the product development group at Northern Electric and as to the general level of skill in the art. That group consisted of engineers, designers, technicians, draftsmen and the like. (Plaintiff's Appendix 145, 146). It was also pointed out how it was customary for such development

group to hold weekly meetings to discuss ways of improving the product. (Plaintiff's Appendix 146). It was also pointed out to the court the kind and type of improvements which this group made to the six volt sock. (Plaintiff's Appendix 147). In addition to the general type of improvement which were suggested and/or made, Mr. Murphy pointed out that the suggested improvements did not change the overall concept of the six volt battery sock. (Plaintiff's Appendix 147). Thus, Mr. Murphy reasoned that the improvements made by Costanzo were not obvious to one normally skilled in the art.

Mr. Dennis Murphy further testified that in 1960 Northern Electric did make a "concept" change in the sock construction. As Mr. Dennis Murphy described this change, it was the development of a rechargeable battery pack that was finally introduced onto the market place in 1970. (Plaintiff's Appendix 150). Plaintiff's exhibit (PX-503) is an example of this "concept" change. As Mr. Dennis Murphy pointed out, it had all of the disadvantages of the 6 volt lantern battery socks exemplified by PX-325; and in addition thereto had the further disadvantage of increasing battery cost; as this Northern Electric development required a 7 1/2 volt rechargeable battery. Cost of such batteries is \$6.50. In addition, Mr. Dennis Murphy pointed out that the life of such rechargeable batteries was extremely limited and could be charged only 18 to 20 times, providing

the battery was not allowed to be completely discharged. (Plaintiff's Appendix 159, 160). Recommended use for such batteries was shown to be a maximum of three hours with a minimum of fourteen hours of recharge time for each three hour period of use. This meant that such socks could only be used for three hours in a twenty-four hour day.

Plaintiff's expert also pointed out to the court that Mr. Theodore, the patentee of U.S. Letters Patent 3,010,007, a patent cited by the Patent Examiner during the prosecution of the Costanzo patent, was a member of Mr. Murphy's development group. This point was made to show that while Theodore was more than "ordinarily skilled in the art and was himself the patentee of a construction considered and rejected by the Examiner, it was not obvious to him to combine the teachings of his own (Theodore) patent with the structure of the Northern Electric lattern battery sock to produce a sock construction comparable to that of the Costanzo patent (PX-1) (Plaintiff's Appendix 187).

Mr. Dennis Murphy further testified that it was customary to review patents (Plaintiff 's Appendix 186) as they issued in the regular course of business⁴ so as to be apprised of the

⁴ Mr. Dubrow, Defendants' own expert testified that it is customary within the companies he has worked to have recently issued patents circulated to engineering and product development personnel so as to keep such persons apprised of the recent developments in their art. This is a well known and regular practice within most companies, and one which the court can well take judicial notice thereof.

the advances being made in the art, and that even though his development group, which consisted of variously "ordinarily skilled individuals" and "more than ordinarily skilled individuals" in the art, it had never been obvious to any of them or the developing groups of other competitive companies * in the field to make a sock construction of the type suggested by Costanzo in his patent in suit. In view of the state of the art known to him, and in view of his actual experience in manufacturing, developing, and designing of electric socks, Mr. Dennis Murphy testified that the differences between the six volt electric heated sock and the Costanzo patented socks would not have been obvious to one "ordinarily skilled" in the art, and that the differences between the prior art six volt socks and the Costanzo cannot possibly be considered "insubstantial" as concluded by Judge Murphy. (Plaintiff's Appendix 185, 186, 187, 188, 189).

The other art which Judge Murphy noted were the patents "considered and rejected" by the patent examiner during the prosecution of the Costanzo patent (PX-1). These references consisted of nine U.S. Patents and two foreign patents which

* Mr. Theodore being a patentee of a related device must be deemed to be "more than ordinarily skilled" within the art. Mr. Dennis Murphy also is a patentee of several patents dealing with the specific art in question, and thus by experience and background must be deemed to be "more than ordinarily skilled" in the art to which the present invention relates.

were cited on the face of the Costanzo patents.⁵ Among these, Judge Murphy noted that the Winchell Patent 3,079,486^{5A} and Williams Patent 1,702,583^{5A} "teach the utilization of the battery and the sock." The Appeals Court is urged to note that Costanzo is not "broadly claiming the utilization of a battery and a sock."

At the time Costanzo made his invention, the mere "utilization of a battery and sock" was known. This fact was clearly spelled out in Costanzo's description of the prior art which is set forth in the preamble of his patent in suit (PX-1) (Column 1 lines 13 to 47.)

As Mr. Dennis Murphy pointed out to the Trial Court, the Winchell patent 3,079,486, which the examiner had thoroughly considered and rejected, is an inoperative device (TT-465,467). Plaintiff's technical expert Mr. Dennis Murphy clearly stated that the Winchell construction could not be energized by a 1 1/2 volt battery for more than a minute or two, if at all (TT-465). Defendants' expert did not dispute this. A further study of the Winchell patent will evidence that the patented structure is not in fact a sock. Member 59 is defined by Winchell as an

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Besides the patents cited by the Examiner, Costanzo had directed the Examiner in charge during the prosecution of his application to other patented art which Costanzo had noted on an independent search. See the supporting affidavit attached to Costanzo's petition to expedite the prosecution of his case in the Patent Office File History (PX-1A).

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Copies of the references noted by the trial court can be found in Plaintiff's Exhibit Volume accompanying this brief.

"enclosure" adapted to be fitted over a sock 62," and that the "body of the enclosure" has transverse heating wires embedded therein. Furthermore, Winchell describes the battery source as a "rechargeable type battery." There is absolutely no teaching or disclosure in Winchell that the battery be a 1 1/2 volt flashlight battery as contemplated by Costanzo. Furthermore, the intent of Winchell was to heat the entire sock. Such intent requires considerable power, which power Mr. Dennis Murphy testified could not be had by a 1 1/2 volt flashlight type battery.

5A

The Williams patent 1,702,583 on which Judge Murphy relied to show obviousness is even less of a reference than is Winchell. The Williams' patent as was the Winchell patent was also cited and rejected by the Examiner during the prosecution of the Costanzo patent. The Williams patent is directed to a shoe heater of a construction quite radical from that taught by Costanzo. The Williams heater is designed to fit over a shoe. William like Winchell is also completely lacking in disclosing the nature and size of the power supply or battery. The construction of the heater assembly as taught by Williams will make it evident to one normally skilled in the art that the power supply or battery needed to energize the heater of necessity would have to be substantially greater than that contemplated by Costanzo. Consequently, Costanzo's significant

contribution and the non-obviousness of his invention was that he was teaching "away from that" which one normally skilled in the art contemplated.

Judge Murphy in concluding "obviousness" of the Costanzo patented sock also relied upon Theodore's Patent 3,010,007⁶ Carrona Patent 3,084,241, Jacobensen Patent 3,329,766; the Marick Patent 2,277,772; and British Patent No. 546,812. As Judge Murphy noted, each of the foregoing noted patents were considered and rejected by the Examiner during the prosecution of the Costanzo patent in suit.

Theodore 3,010,007 is directed to a radiant heating panel which employs a round, insulated resistance wire of a conventional construction. This patent is completely devoid of any teaching as to how it can be energized. However, the implication is that

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The patentee of this patent was the same Theodore who Plaintiff's expert, Mr. Dennis Murphy testified had worked for Northern Electric and who was knowledgeable of the electric socks then being constructed by Northern Electric. Yet, Mr. Theodore failed to appreciate how his Patent 3,010,007 could in any way improve upon the Northern Electric 6 volt sock construction or be combined therewith to practice the Costanzo invention in suit. Copy of this patent and other patents noted by the Trial Court appear in the Plaintiff's Exhibit Volume accompanying this brief.

the Theodore patented heating panel is for use in the field of refrigeration ⁷ and thus implies that relatively high voltages commonly used for household purposes, e.g., 110 volts is required to energize the pannel.

The Corrona Patent No. 3,084,241 is directed to an entirely different structure which is functionally and structurally radically distinct from Costanzo's electric sock. While Corrona heated vest may utilize a resistance wire or ribbon, it is evident that the extent of resistance shown would render the device inoperative with a 1 1/2 volt flashlight battery. ⁸

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In Column 2, lines 3 to 8 of Theodore 3,010,007 states:

One of the important features of the invention wherein polyethylene is employed as the adhesive is that the bond is odor-free. This is particularly important in the field of refrigeration where the presence of any odor in any of the electrical heating systems will contaminate the food carried in the refrigerator.

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Corrona makes reference to a storage battery adapted to be recharged from a conventional 110 - 120 AC power line which includes appropriate rectifier means, input transformer or various other voltage and/or current modification or control means or "fuel" cell containing oxygen and hydrogen under pressure.

The Jacobsen Patent 2,329,766, Marick Patent 2,227,772, and British Patent 546,812 are each directed to a flying suit type device of the kind specifically described by Costanzo in the preamble of his patent in suit. Furthermore, each of these patents require the power source of the vehicle or airplane to energize the described heater construction, and which heater construction Judge Murphy noted did not meet the claimed limitation of the Costanzo invention.⁹

The only other reference upon which Judge Murphy relied was an article "Cordless Battery Power" (Joint Appendix 85) written by Robert McCarthy, an Assistant Products Manager of the Battery Division of Sonotone Corporation.¹⁰ This article upon a reading

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"Admittedly there are differences between the prior art and the Costanzo patent. The construction of the heating means claimed by Costanzo is not specifically indicated by the prior art. Also, the exact location of the heating element in the Costanzo sock is not shown by the prior art." (Joint Appendix 86)

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Sonotone Corporation was a battery manufacturer which has now been acquired by Marathon Battery Company. The Robert McCarthy, author of "Cordless Battery Power" is the individual to whom Plaintiff Costanzo and Defendant Stanley Arron jointly disclosed in confidence a battery heated belt construction on January 5, 1965 and who executed a confidential disclosure form (PX281-C). Because of this fact, Costanzo took the deposition of the said McCarthy and portions of said testimony was introduced into evidence during the trial. The article cited by Judge Murphy was referred to in the deposition, which was filed in the court. The article was not introduced into evidence by either party since rechargeable batteries were known. Therefore, this article disclosed nothing more than was already disclosed in the patents considered and rejected by the examiner. A copy of this article is reproduced in Plaintiff's Exhibit Volume accompanying this brief.

thereof will render it apparent that it is essentially an article alluding to the characteristics of nickel-cadmium cells which is a rechargeable battery. Such batteries are not new. As the article pointed out, they can be used as the power source for many types of electrical appliances, such as food mixers, hedge trimmers, radios, power drills, shavers and tooth brushes. Mr. McCarthy also indicated in this article that such batteries could be used with cordless appliances currently (July 1963) on the drawing boards such as vacuum cleaners, ice crushers, can openers, rotisseries, heating pads, blenders and sanders. It is to be significantly noted that Mr. McCarthy in this article made absolutely no reference or mention of such battery use to a "heated sock" application.

Judge Murphy apparently failed to appreciate the significance of the fact that Mr. McCarthy himself testified that he was pushing a development with his company (Sonotone) to produce a heated sock which was battery powered (Plaintiff's Appendix 202, 204), and that his company had failed to produce a satisfactory battery heated sock (Plaintiff's Appendix 206). Mr. McCarthy testified Sonotone eventually abandoned the project (Plaintiff's Appendix 207). It is significant to note that Sonotone, who manufactured every conceivable type of battery, e.g., as described in Mr. McCarthy's article "Cordless Battery Power," and who had sufficient engineering and product

development capabilities with daily access and contacts with those making cordless appliances of every shape and description, could not and did not develop a satisfactory heated sock, even though they tried.

Mr. McCarthy even testified that he and Sonotone were aware of the Northern Electric sock as exemplified by PX-325 and that Sonotone tried to improve upon this construction. (Plaintiff's Appendix 204). Mr. McCarthy further testified that he was interested in the Costanzo heater construction since Sonotone had "everything except the fine element." (Plaintiff's Appendix 206). Mr. McCarthy further testified that all of Sonotone's efforts involved the use of a battery pack utilizing two F cells of nichel cadium (rechargeable batteries) which were to be carried on the waist with wires extending down the leg similar to the Northern Electric sock concept. (Plaintiff's Appendix 208).

Mr. McCarthy further testified that when he first saw the 1 1/2 volt sock in an advertisement, it struck him "odd" to see a D dry cell battery fastened to the top of the sock. (Plaintiff's Appendix 211).

Plaintiff's technical expert, Mr. Dennis Murphy, in view of his long experience and association with products directly related to the subject matter in question, and after due consideration with respect to the known patented and unpatented

art clerly indicated that the differences between the prior art and the invention as claimed by Costanzo was not obvious to one ordinarily skilled in the art. (Plaintiff's Appendix 184 - 190).

ARGUMENTS

I. AS TO THE VALIDITY OF PLAINTIFF COSTANZO'S U.S. LETTERS PATENT 3,293,405.

Section 1, Article 8, Clause 8 of the United States Constitution grants to the Congress the power to legislate laws:

To promote the Progress of Science and
useful Arts by securing for limited times
to authors and inventors the exclusive right
to their respective writing and discoveries.

Pursuant to this grant, Congress enacted the Patent Act of 1790, which after some fifty revisions and amendments finally evolved to the Patent Act of 1952 in which the condition of patentability are set out in three sections, viz., 35 USC 101, 102, and 103.

In essence, 35 USC 101 sets forth the requirement that an invention to be patentable (or valid) must be useful. 35 USC 102 defines the requirements for novelty, and 35 USC 103 sets forth that an invention must be non-obvious; i.e., that the differences between the subject sought to be patented and the prior art must be such that the subject matter as a whole would not have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains.

As the United States Supreme Court noted in A & P Co. v. Supermarket Equip. Corporation 340 US 140; 95 L Ed. 168 and reaffirmed in Graham v. John Deere Co. 383 US 1 "validity requires reference to a 'standard' written into the Constitution."

Thus the first question to be asked in ascertaining "validity" of a patent grant is "What is the standard expressed in the Constitution."

In looking then to the Constitution, the only standard expressed therein is "To promote the Progress...[of the] Useful Arts. No other standard is set forth, and none other is required. As the Supreme Court noted in Graham v. John Deere, supra

Innovation, advancement and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must promote, the Progress of useful arts.

Justice Douglas noted in the A & P case supra, that

An invention need not be as startling as an atomic bomb to be patentable. But it has to be of such quality and distinction that the masters of the scientific field in which it falls will recognize it as an advance. [emphasis added]

Reference is also made to Eibel Process Co. v. Minnesota & Ontario Paper Company 261 U.S. 45, 67 L Ed. 523 wherein the constitutional standard of "an advancement in the art" was expressed as follows:

[63] In administering the patent law the court first looks into the art to find what the real merit of the alleged discovery or invention is, and whether it has advanced the art substantially. If it has done so, then the court is liberal in its construction of the patent, to secure to the inventor the reward he deserves. If what he has done works only a slight step forward, and that which he says is a discovery is on the border line between mere mechanical change and real invention, then his patent, if sustained, will be given a narrow scope, and infringement will be found only in approximate copies of the new device. It is this differing attitude of the courts toward genuine discoveries and slight improvement that reconciles the sometimes apparently conflicting instances of construing specifications and the finding of equivalents in alleged infringements. In the case before us, for the reasons we have already reviewed, we think that Eibel made a very useful discovery which has substantially advanced the art. His was not a pioneer patent, creating a new art; but a patent which is only an improvement on an old machine may be very meritorious and entitled to liberal treatment. Indeed, when one notes the crude working of machines of famous pioneer inventions and discoveries, and compares them with the modern machines and processes exemplifying the principle of the pioneer discovery, one hesitates in the division of credit between the original inventor and the improvers; and certainly finds no reason to withhold from the really meritorious improver the application of the rule "*ut res magis valeat quam pereat*," which has been sustained in so many cases in this court. *Winans v. Denmead*, 15 How. 338, 341, 14 L. ed. 720, 721; *Corning v. Burden*, 15 How. 265, 269, 14 L. ed. 689, 690; *Turrill v. Michigan S. & N. I. R. Co.* 1 Wall. 491, 510, 17 L. ed. 668, 672; *Providence Rubber Co. v. Goodyear*, 9 Wall. 788, 795, 19 L. ed. 566, 568; *McClain v. Ortmayer*, 141 U.S. 419, 425, 35 L. ed. 800, 803, 12 Sup. Ct. Rep. 76.

Therefore the specific question which the Plaintiff raises by this appeal is:

Does Plaintiff Costanzo's electric sock, as described and claimed in his patent, constitute a promotion or advance in the art of electric socks which the "masters" in said art will recognize as an advance.

If the answer to this question is "yes," then the Plaintiff has fully satisfied the "Constitutional standard," and the judgement of the trial court as to this issue must be reversed.

There can be no doubt that Congress had the constitutional standard in mind when it established the Patent Act of 1952 wherein Congress has codified the constitutional standard in Section 101, 102, and 103 of the Act. (35 USC)

With respect to the codified constitutional standard, as expressed by Congress, there can be no doubt that the Costanzo sock patent in suit satisfies the requisite of "utility" as expressed by 35 US 101. This statutory requisite of utility is self evident in that hundreds of thousands pairs of Plaintiff's patented sock construction have been sold throughout the world since the conception of the invention by Costanzo.

The requisite degree of "novelty" as required by 35 USC 102 likewise cannot be seriously questioned, nor was

novelty of Plaintiff's patent construction seriously contested at trial. In fact Judge Murphy expressly found that "there are differences between the prior art and the Costanzo patent." (Joint Appendix 86). As noted in Dewey & Almy Chemical Co. v. Mimex 124 F2 983 (2 Cir.)

No doctrine of the patent law is better established than that a prior patent or other publication to be an anticipation must bear within its four corners adequate direction for practice of the patent invalidated. If the earlier disclosure offers no more than a starting point for further experiments, if its teachings will sometimes succeed and sometimes fail, if it does not inform the art without more how to practice the new invention, it has not correspondingly enriched the store of common knowledge, and it is not an anticipation.

At the trial defendants did not introduce a single patent or other prior art into evidence to show full anticipation or to negate novelty of the Costanzo invention as claimed. Failure of the Defendants to produce any single anticipatory prior art reference into evidence and Judge Murphy's express finding that "there are differences between the prior art and the Costanzo patent" is conclusive that Plaintiff's invention satisfied the statutory requisite of novelty as expressed by 35 USC 102. See Peters v. Active Mfg. Co. 129 US 530, 32 L. ed 738; Firestone v. Aluminum Co. of America 285 F² 928 (6 Cir); Ling-Temco-Vought Inc. v. Kollsman Instrument 372 F² 263 (2 Cir); Marvel Speciality Company v. Magnet Mills, Inc. 161 USPQ 412.

Of the three statutory criteria for ascertaining the constitutional standard, the requirement of non-obviousness (35 USC 103) has been the requisite most difficult to apply in a given situation. Over the years the courts, more notably, the courts of this circuit and the United States Supreme Court have established numerous tests for ascertaining "non-obviousness" or the "constitutional standard" of what constitutes an advance in a given art to justify the granting of a patent therefor. As it was clearly demonstrated at trial and as it will be again brought out before this Appeals Court, and notwithstanding Judge Murphy's finding of invalidity, it will be shown that Plaintiff's invention does satisfy all of the traditional statutory and judicial tests of patentability or validity.

While Congress expressly set forth the requirement of "non-obviousness" for the first time in the Patent Act of 1952, this requirement had long before become the 'recognized standard' or 'traditional test' for patentability. The Supreme Court correctly noted in Graham v. John Deere Co. supra, that Section 103 of the 1952 Act was intended to merely codify the judicial precedents embracing the principles which was long ago decided in Hotchiss v. Greenwood 11 How. 248 (1850), and that the general level of innovation necessary to sustain patentability has remained the same. A study of the Supreme Court cases, beginning

with Hotchiss v. Greenwood, Supra, to Cuno Corp. v. Automatic Devices 314 US 81 to the A & P case 340 U.S. 147 to Graham v. John Deere, supra, to the Adams v. U.S. 383 U.S. 39, will evidence that each court was rhetorically embellishing the same "constitutional standard" as first enunciated in Hotchiss v. Greenwood, supra. In each of the foregoing cases the Supreme Court was applying the same "constitutional standard" to the specific factual findings surrounding the invention in question in the particular case.

In Graham v. John Deere Co., supra, the Supreme Court for the first time crystalized and set forth guidelines, in no uncertain language, necessary in ascertaining the "obvious" or "non-obviousness" requisite for invention. As the Supreme Court noted, the determination of this issue requires several factual inquiries be made. They are:

1. The scope and content of the prior art are to be ascertained,
2. The differences between the prior art and the claims at issue are to be ascertained,
[emphasis added]
3. and the level of ordinary skill in the pertinent art be resolved.

In addition the Supreme Court noted that inquiries into

secondary consideration such as "commercial success, long felt but unsolved needs, failure of others, etc., might be used to give light to circumstances surrounding the origin of the subject matter sought to be solved." [emphasis added] As indicated by the underscored emphasis, the Supreme Court did not intend to limit the inquiries of the secondary considerations merely to those enumerated. The Supreme Court might well have intended that another factual inquiry of a secondary consideration, not specifically enumerated, to be investigated or considered, be whether or not the patentee applied for and was granted correspondings foreign patents in the other industrialized countries of the world, which have separate and independent patent examining systems and/or opposition systems such as Japan, Germany, Russia, Great Britain, Norway, Canada, France, etc.¹¹

The guidelines established by the Supreme Court in Graham v. John Deere, supra, have been clearly defined in the

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At the trial Plaintiff Costanzo offered into evidence corresponding foreign patents granted to him by Canada, Great Britain, Japan, Russia, Norway, France and Belgium for the electric sock invention in suit. The Trial Court denied the admission of Plaintiff's corresponding foreign patents into evidence.

Second Circuit. In fact, the tests enunciated in the Graham v. John Deere case can be directly traced to Judge Learned Hand's decision in Reiner v. Leon Co. 285 F² 501 (1960 2 Cir.) wherein Judge Hand stated:

"The test laid down is indeed misty enough. It directs us to surmise which was the range of ingenuity of a person 'having ordinary skill' in an 'art' with which we are totally unfamiliar; and we do not see how such a standard can be applied at all except by recourse to the earlier work in the art; and to the general history of the means available at the time. To judge on our own that this is or that new assemblage of old factors was, or was not 'obvious' is to substitute our ignorance for the acquaintance with the subject of those who were familiar with it. These are indeed some sign posts; e.g., how long did the need exist, how many tried to find the way, how long did the surrounding and accessory arts disclose the means, how immediately was the invention recognized as an answer by those who used the new variant? In the case at bar the answer to these questions all favor the conclusion that it demanded more intuition than was possessed by the 'ordinary' workers in the field. The needs were known, but the purpose to fulfill them with that minimum of material and labor disclosed in the patent had not appeared; and economy of production is as valid a basis for invention as foresight in the disclosure of new means. In the case at bar the savings of material as compared to anything that had proceeded was very great indeed, the existing device at once yielded to Reiner's disclosure, his was an answer to the long felt want."

As the rule of the Graham v. John Deere Co., supra, constitutes law, the courts, the Patent Office and the legal patent profession are bound thereby.

At the trial, Plaintiff introduced ample evidence to more than satisfy the "constitutional standard" intended by the writers of the Constitution, and as codified by the Congress, and as established by the judicial tests for ascertaining this "standard". However, Judge Murphy apparently gave little weight to most of Plaintiff's evidence, which went uncontested, and apparently "sui sponti" found that the differences between the Costanzo invention and the prior art were insubstantial.

It is to be significantly noted that while Judge Murphy rendered a detailed and extensive opinion as to most of the other issues which were developed at the trial, precious little, if any findings of facts can be found in the trial court's opinion to support the trial court's conclusion that the difference between the Costanzo invention and the prior art were insubstantial. Plaintiff seriously questions that with respect to this one issue; i.e., the validity of the Costanzo patent, whether the trial court made a sufficiently finding of fact to support the conclusion reached by it to satisfy Rule 52(a) which directs that "the court shall find the facts specially and state separately its conclusion of law thereon."

A careful study of the trial court's opinion (Joint Appendix 79 - 128) will evidence that the trial court only very superficially generalized the teachings noted in the prior art.¹² No where throughout the trial court's opinion does the court make any findings of facts as to how "one ordinarily skilled in the art" could have "obviously" utilized the teachings of the noted "prior art" to arrive at Plaintiff's claimed invention.

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All of the art cited by the trial court to support its conclusion of invalidity was considered and rejected by the U.S. Patent Office during the prosecution of the Costanzo Patent in suit, with the exception of the McCarthy publication which disclosed nothing more than that rechargeable nickel cadmium batteries were known. The McCarthy publication, if it can be considered a valid reference loses all significance when it is noted that the author of the publication and company for whom he was employed failed completely to produce a satisfactory electric sock, even though it tried, notwithstanding all of the expertise and knowledge of the latest battery technology and available resources at its command. Furthermore, the article "Cordless Battery Power" merely makes reference to rechargeable batteries of the type referred to in the patented art already considered and rejected by the Patent Office; and therefore, this article adds nothing to the known prior art.

Judge Murphy's finding on this point simply stated:
(Joint Appendix 86)

Although there are some differences between the prior art and the Costanzo patent, the differences are insubstantial. The conclusion that the Costanzo patent was obvious to anyone with ordinary skill in the art is clear from a consideration of the relevant patents, the McCarthy article, and the commercial nonpatented socks. See, Triax Co. v. Hartman Metal Fabricators, Inc., supra.

As the Court of Customs & Patent Appeals noted in
Application of Pennington 241 F² 750

[1,2] It is well established that, where two or more prior art references are combined to negative patentability, the test to be applied is: does the prior art suggest doing what an applicant has done. In re Fridolph, 134 F.2d 414, 30 C.C.P.A., Patents, 939; In re Shaffer, 229 F.2d 476, 43 C.C.P.A., Patents, 758. It is also said that it must be considered whether one skilled in the art, with the references before him, could have made the combination of elements claimed without the exercise of invention. Shaffer case, supra.

In applying this rule to the present factual situation, it is submitted that no where does Judge Murphy make a sufficiently clear finding of fact to satisfy this test or Rule 52(a) of F.R.C.P. The vagueness or absence of any trial court's finding of facts with respect to issue of obviousness of the Costanzo patent is evident in the court's generalized and unenlightened finding that "the Costanzo patent was obvious to anyone with ordinary skill in the art is clear from a consideration of the relevant patents, the McCarthy article and the commercial non-patented socks."

It is submitted that since the trial court did not make any specific findings as to how one skilled in the art could have or would have obviously combined the teachings of the various prior art teachings, it is impossible to make any meaningful appellate review of the trial court's findings as to this issue.

THE DIFFERENCES BETWEEN COSTANZO'S INVENTION
AND THE PRIOR ART ARE NOT INSUBSTANTIAL.

Contrary to Judge Murphy's conclusion, it has been established by good and sufficient evidence at trial that the differences between Costanzo's invention and the prior art construction are not insubstantial.

First, it was established at trial that Costanzo's invention has resulted in the production of a greatly simplified, battery heated sock which was more efficient, effective, and more economical to produce than any of the prior art constructions. Plaintiff's invention totally obviated the requirement of two large lattern batteries of 6 volts each to be "lugged" about one's waist.

Plaintiff's invention completely obviated the need for long wire conductors running down one's legs.

Plaintiff's invention completely eliminated the large voltage drop (energy loss) due to long wires extending between the power source and the heater in the sock.

Plaintiff's sock invention could be worn with equal ease by both men and women, and/or by tall or short persons. (This was not possible by the prior art constructions, as exemplified by PX 325 and PX-503).

Plaintiff's sock invention included a new and different heater construction whereby it could be satisfactorily energized by 1 1/2 volt battery source. (Nowhere in the prior art is this concept disclosed or suggested; and so noted by the trial court.)

Plaintiff's heater construction need be only located in the toe portion of the sock; and being small and flat greatly enhanced the comfort of the sock.

Plaintiff's sock construction required less material and more importantly less energy to operate. (Two (1 1/2) volt batteries as compared to two 6 volt batteries, an improvement or reduction of 75% in energy requirement.)

Plaintiff's sock construction enabled production cost to be reduced approximately 50%. Plaintiff's sock construction it was shown could be retailed at approximately \$8.95 as compared to \$16.95 for the prior art construction, a savings to the consumer of almost 50%.

The bulk and weight of the Plaintiff's sock construction

was substantially less than that of the prior art constructions, which further resulted in savings with respect to shipping and transportation charges.

Plaintiff's sock construction could be worn with the same ease and comfort as ordinary pairs of socks.

Plaintiff's heated socks utilized a 1 1/2 volt battery which resulted in added savings to user in that the cost replacement batteries would be substantially less, as a 1 1/2 volt battery sells at a fraction of the price required for the large six (6) volt batteries.

As Judge Learned Hand noted in *Reiner v. Leon Co.*
285 F² 501 (2 Cir. 1960)

The needs were known, but the purpose to fulfill them with that minimum of material and labor disclosed in the patent had not appeared; and economy of production is valid basis for invention as foresight in the disclosure of a new means. In the case at bar the savings of material as compared to anything that had proceeded was very great indeed.

It was also established at trial that Plaintiff's sock invention, once introduced into the market place immediately gained dominance over the existing battery heated socks.¹³ This fact thus satisfied another of the judicial

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It was established that Northern Electric never sold more than 30,000 pairs of battery heated socks of the prior art construction. Plaintiff's sock construction in the first year sold well over 100,000 pairs. Also it was proven that the 6 volt sock construction is no longer being sold. The entire heated sock industry gave way to Plaintiff's sock invention.

tests noted in Reiner v. Leon Co., supra wherein Judge Hand noted

The existing device at one yielded
to Reiner's disclosure, his was an answer
to a long felt want.¹⁴

See also Norman v. Lawrence 285 F² 505 (2 Cir.) wherein
Judge Learned Hand reaffirms the tests laid down in Reiner v.
Leon, supra, and which tests were obviously rephrased and
followed by the Supreme Court in Graham v. John Deere, supra.

The evidence presented at trial, whereby it was established
that Plaintiff's heated sock construction resulted in a 75%
reduction or savings of the energy required to operate a
heated sock coupled with a 50% savings in production costs, and
an immediate market response of over 300% certainly cannot be
considered "insignificant."

All of the advantages hereinabove set forth, and which
were clearly established at trial, all signify that the Plaintiff's

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The six volt battery heated socks were first manufactured
in 1953, and was continually manufactured and sold until
1972; when production ceased whereby the existing devices
have now yielded completely to plaintiff's construction.
For more than ten (10) years there was virtually no change
in the known battery heated socks, until Plaintiff made
his invention in 1964.

heated sock construction constituted that "advance" or "promotion in the art" contemplated by the "constitutional standard."

The fact that Defendants have appropriated Plaintiff's inventive sock concept ¹⁵, and others ¹⁶ have similarly copied Plaintiff's concept further attributes to the validity of Plaintiff's invention. As it was noted in Shaw v. Whiting Co. 417 F² 1097 (2 Cir.)

The imitation of a thing patented by a defendant who denies invention has often been regarded, perhaps especially in this circuit, as conclusive evidence of what the defendant thinks of the patent and persuasive of what the rest of the world thinks.

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Judge Murphy noted "The Arron and Costanzo sock patents, although not identical, are essentially the same. Both patents disclose a self-contained battery heated sock with the heating element comprising of a flat resistance ribbon adhesively secured between two heat conducting sheets located in the toe area of the sock and connected in circuit to a low voltage battery of less than 6 volts carried in a pouch secured to the sock. (Joint Appendix 92)

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Since the marketing of Plaintiff's invention, an imitation Japanese import has been introduced into the U.S. Market. Burnham who had manufactured a six volt sock similar to PX-325 has now produced a 1 1/2 volt sock similar to Plaintiff's invention; and the six volt sock exemplified by PX 325 is no longer being made or sold.

See also Kurtz v. Belt Hat Lining Co. 280 F 877 (2 Cir.);

Ling-Temco-Vought v. Kollsman Instrument Co. 372 F² 263 (2 Cir.);

Hoelth v. C.M. Kemp Mfg. Co. 80 F² 912 (4 Cir.).

Other guidelines established in this circuit for ascertaining validity or patentability are superiority of the subject device over its precessors, appearance, flexibility, reduction of cost, etc. All of the above criteria have been met by Plaintiff's sock invention, as established at trial. Stiegele v. J.M. Moore Import-Export Co. 312 F² 588 (1953 2 Cir.).

As the trial court noted no single reference disclosed Plaintiff's invention. Thus the trial court was forced to search the "prior art" in an effort to find "bits and pieces" of Plaintiff's claimed invention. Failing to find all the "bits and pieces" of the Costanzo invention in the prior art, the trial court considered the missing parts obvious. Yet the trial court failed to specifically point out how one skilled in the art could have obviously combined the teachings of the variously noted patents without destroying or distorting the teachings of the respectively noted patents. As was noted in Elock v. Nathan Ankle Support Co. 9 F² 311 (2 Cir.). "An earlier device which must be distorted from its obvious design cannot be an anticipation." See also United Shirt & Collar Co. v. Bealtie 149 F 736 (2 Cir.).

In the case at bar the trial court in addition to relying

on the 6 volt prior art construction, which the Plaintiff introduced at trial to establish the state of the art at the time the Plaintiff's invention was made, relied upon no less than seven patents, all of which were cited, considered and rejected by the Patent Office, and one publication which disclosed nothing more than what was already disclosed in the patents noted and discarded the Examiner. As it was noted in Hoelthe v. C.M. Kemp Mfg. Co. 80 F² 912, (4 Cir.) Cert. denied 298 U.S. 673.

"citation of so many prior patents almost inevitably means, either that none of them is nearly like the invention of the patentee and that the attempt is being made to invalidate the patent because the patentee has brought together for the purposes of his invention devices to be found in prior patents of different character, or that prior attempts to solve the problem with which he was confronted have not met with success." Scott v. Fisher Knitting Mock Co. (CCA 2nd/145 Fed. 915, 916)

It is also well established in this circuit that the presumption of validity which shall be accorded a granted patent in accordance with 35 USC 282 is greatly strengthened where all of the prior patents were considered and disregarded by the Patent Office. Smokador Mfg. Co. v. Tubular Products Co. 31 F² 255 (2 Cir). Stevens v. Carl Schmid Inc. 73 F² 54 (2 Cir.). Georgia-Pacific v. United States Plywood 258 F² 124 (2 Cir).

As the Supreme Court noted in the A & P case, supra, another test to be considered in ascertaining whether an

"invention" meets the "constitutional standard" is: Do the "masters" of the scientific field [or useful art] in which the "invention" falls recognize it as an advance. To answer this question, it is necessary to first establish who the recognized "masters" are in "the art" to which Plaintiff's invention relates.

To begin with Costanzo, the inventor and patentee, of the Costanzo Patent in suit, must be considered as some sort of a master in this art. As a soldier in World War II, Costanzo suffered from frozen feet so severely that he was ultimately discharged in December 1945 with a 30% percent disability (TT-866). As a result, Costanzo has since been plagued with cold feet. This fact lead Costanzo to looking into ways of alleviating this discomfort. In addition to inventing the electric sock, Costanzo has made numerous other inventions while employed at Harvey Hubbell and as self employed. Several of Costanzo's inventions were related to heated garments such as a heated belt, and a heated sleeping bag, etc. With respect to the heated sock, Costanzo made a considerable investment to protect his invention. It is estimated that between Costanzo and his licensee Timely Products Corporation approximately fifteen to twenty thousand (\$15,000.00 - \$20,000.00) dollars had been expended to secure world wide patent rights to this invention in such countries as

the United States, Canada, Great Britain, Japan, Russia, Switzerland, France, Norway and Belgium. Another forty thousand (\$40,000.00) dollars or more have been expended by the Plaintiff to enforce its patent rights.

Besides Costanzo, other recognized "masters" have looked upon the Costanzo sock invention as "an advance." They were identified as Kaiser Roth, Shelton Hosiery and Seneca Knitting Mills. Each of these companies are well known hosiery manufacturers who either considered manufacturing Plaintiff's invention and/or did manufacture heated socks embodying plaintiff's invention. Kaiser Roth it was pointed out at trial entered into negotiations with Plaintiff Costanzo when he was associated with Defendant/ (PX-30). Shelton Hosiery did in fact enter into an agreement with both Plaintiff Costanzo and Defendant Stanley Arron (PX 110) to manufacture Plaintiff's invention. Defendant Stanley Arron subsequently in his own name entered into a personal contract (PX-49) with Seneca Knitting Mills to manufacture a heated sock embodying the Plaintiff's inventive concept.

Certainly these named hosiery companies must be deemed "masters" within the meaning of the Supreme Court's test as expressed in the A & P case.

Timely Products Corporation, Plaintiff's licensee must

also be considered as "master" in the art. It was developed at trial how Timely Products made and sold hundreds of thousands of pairs of Plaintiff's patented sock construction. The fact that Timely Products paid substantial royalties to Costanzo indicates what it thought of the Costanzo heated sock invention.

It was also brought out at trial that Timely Products initially invested between \$30,000 to \$60,000 dollars to develop Plaintiff's concept and to make it a commercial reality (PX-1A). The willingness of those skilled in the art to pay substantial tribute to an inventor in the form of royalties for an invention in an "arms length dealing" is certainly evidence that they recognize the invention as an advance in the art.

The U.S. Patent Office who granted the patent in suit to Costanzo after extensive prosecution must likewise be deemed a "master" within the Supreme Court's definition in the A & P case, supra.

Judicial notice must be taken of the fact that the U.S. Patent Office in daily examining and evaluating all sorts of innovations being made "generally" by persons more than

ordinarily skilled in the art"¹⁷. Since the Patent Office is in charge with the administrative responsibility of granting patents, its expertise in the absence of any showing to the contrary ¹⁸ must be given great weight. Patterson v. Moss 201 F² 403. Smokador Mfg. Co. v. Tubular Products, supra; Stevens v. Carl Schmid Inc., supra; Georgia-Pacific v. U.S. Plywood, supra.

The competitive manufacturers of electric socks are likewise considered as coming within the definition of "masters in the art" as defined by the Supreme Court in the A & P case. These competitive manufacturers, as was noted at the trial were Northern Electric, Burnham & Kimco; each of whom manufactured a 6 volt lantern battery heated sock/ (PX-325). Of these, Northern Electric and Kimco have ceased the manufacture of the 6 volt

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As the court noted in Antici v. K.B.H. Corp 168 USPQ 745, 752 "Moreover, the level of skill of the average mechanic should not be equated with that of the inventors of the prior art cited. Their skill, since it was thought worthy of a patent must be considered greater than that of the average mechanic in the field."

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Defendants failed to introduce any prior patent or prior art which contained any relevant information not already considered and rejected by the Patent Office.

lantern battery sock; as their construction was rendered almost immediately obsolete by Plaintiff's invention. Certainly Northern Electric and Kimco whose electric sock business succumbed to Plaintiff's invention, would agree that Plaintiff's patented sock constituted an "advance" in the art of electric socks.

Burnham who also produced a 6 volt / ^{lantern} battery heated sock has now converted its production to a 1 1/2 volt heated sock styled after that of Plaintiff's invention.

The Japanese 6 volt Hunter sock (PX-325) is no longer known to be imported. However, a Japanese copy of the Plaintiff's heated sock invention has been introduced in the United States subsequent to Plaintiff's invention.

Mr. Murphy, Plaintiff's expert witness, must be considered a "master in the art" as he held responsible positions of development, production and management for some sixteen (16) years with companies directly related to the manufacture and sale of battery operated heated socks.

He was chief product engineer for Northern Electric Co. whose staff was largely responsible for the production and development of the 6 volt lantern battery heated sock manufactured by Northern Electric Co. He also formed and founded a company who subsequently produced Plaintiff's

heated sock construction. A review of Mr. Dennis Murphy's testimony at trial will clearly establish that the Costanzo patented construction constituted a substantial "advance" to the art.

The respective Patent Offices of the other highly industrialized countries such as Canada, Great Britain, Japan, Russia, Norway, Switzerland, France and Belgium must likewise come within the meaning of "masters in the art" as defined by the Supreme Court. Like the U.S. Patent Office, the Patent Offices in each of these countries daily examines and evaluates the innovations being made daily in each of the respective countries. While the rules and procedures for securing a patent in the respective named foreign countries may vary from county to country, the general standard of "innovation" and "advancement" required in those countries/^{is}generally similar to the U.S. "constitutional standard" which has been written into the United States Patent Laws. While it is recognized that the United States' courts are not bound by the decision of these foreign governments, it is submitted nevertheless that these foreign grants which Plaintiff secured at great cost merited consideration and evaluation under the Supreme Court's "secondary considerations", and that the trial court erred in not admitting

Plaintiff's corresponding foreign patents into evidence.

Perhaps if the Plaintiff has secured only one or two foreign patents, such grantings may not have passed the test of relevancy as noted by the authorities on which the trial court relied. However, when Plaintiff offered into evidence no less than nine (9) foreign patent grants from nine different countries that each have independent examining systems, and/or inter-party opposition systems, this fact should take an added significance.

It is to be noted that not even the Defendant seriously questioned the validity of Plaintiff's patented construction.¹⁹

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At the trial, upon cross-examination of Plaintiff, expert Mr. Dennis Murphy the following colloquy between the court and Defendant's counsel was had:

THE COURT: We will adjourn now until a little after half past one.

I just want to make this observation. So far in your cross, you don't seem to have touched on the validity of the plaintiff's patent, am I wrong in that or not, either by way of obviousness or anything, the elements that the Statute said determine the validity? Are you purposely refraining from that or not?

MR. JUNKINS: Well, our first position is that if heat conducting material in claim two means metallic foils are good heat conductors, we don't use it. We don't care if the patent is valid or not. There would be no infringement.

Our second position which we will get at a little later this afternoon is that if it covers all materials, then we do feel that there may be an area in which we can urge non-patentability.

(Plaintiff's Appendix 184)

Against the expertise of the foregoing recognized "masters" and "experts" in the art and against the weight evidence presented at trial to evidence the constitutional standard, Judge Murphy reached a contrary conclusion; viz., that Plaintiff's invention was "obvious" and therefore invalid. A search of Judge Murphy's published decision indicates that at most he had tried only three patent cases over the period of some twenty years. With all due respect to Judge Murphy's great ability, as is evident by his illustrious record on and off the bench, Plaintiff submits that with respect to the very limited issue of validity of Plaintiff's patent Judge Murphy erred.

It is well established that the issue of validity is a question of law. A & P case, supra. It is equally well established in this circuit that a trial court's finding involving obviousness is not binding on the Appeals Court; and that the Appeals Court will review the record to determine whether or not the findings of the trial court as to this issue is clearly erroneous. Julie Laboratories Inc. v. Guildlines Instrument Inc. 183 USPQ at 4 (2 Cir.); Lemelson v. Topper Corp. 450 F² 485, (2 Cir.), Cert. denied 405 U.S. 989.

The record will evidence that Plaintiff's heated sock invention has satisfied all of the accepted statutory and

judicial "tests" and "standards" to support its validity.

Plaintiff's invention as supported by the record more than satisfies the various tests set forth in the following

Second Circuit Cases.

- (a) The simplicity and economy production test of Reiner v. Leon Co. 295 F² 501 and Stiegile v. J. M. Moore Import-Export 312 F² 588.
- (b) The distortion necessary of prior art devices from their obvious design to support the trial court's finding of obviousness. Block v. Northern Anklet Support Company 9 F² 311.
- (c) The prima facie presumption of validity accorded patents by 35 USC 282 which is strengthened greatly by the fact that the Patent Office considered and rejected the patents relied upon by the trial court to find obviousness. Stevens v. Carl Schmid Inc. 73 F² 54. Smokador Mfg. Co. v. Tubular Products 31 F² 255. Georgia-Pacific v. U.S. Plywood 258 F² 124.
- (d) The commercial success attained by Plaintiff's construction. Steven v. Carl Schmid, supra. Technical Tape Corp. v. Minnesota Mining & Mfg. Co. 247 F² 343. Ling-Temco-Vought v. Kollsman Inst. 372 F² 203.

(e) The acquiescence and copying of the Plaintiff's patented concept by his competitors. Stevens v. Carl Schmid, supra. American Safety Table Co. v. Schreiber 269 F² 255.

(f) The failure of others to find the solution to the problems solved by Plaintiff. Specific reference being made to [redacted] evidence produced at trial as to the failure of Stone Battery Co. to produce a low voltage sock although it had all available resources necessary for success but failed. American Safety Table Co. v. Schreiber 269 F² 255.

(g) That Plaintiff's patented heated sock construction is set apart from the prior art, and teaches away from the teaching of the prior art. This is evident in that no prior art was introduced to teach that a practical workable heated sock could be achieved by utilizing a 1 1/2 volt battery. Shaw v. EB and AC Whiting Co. 417 F² 1097. United States v. Adams 383 U.S. 39.

(h) That no one skilled in the art had previously conceived Plaintiff's invention. Norman v. Lawrence

285 F² 505. It is to be noted that Judge Murphy's reasoning ²⁰ in not considering Plaintiff's expert testimony as to this specific fact is contrary to the rule of Norman v. Lawrence, supra.

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"Plaintiff's expert, Murphy, testified that the difference between the six volt sock and the Costanzo smaller voltage battery sock was not obvious because from his experience people skilled in the art never did discover it. Murphy explained this by saying that he and the engineers who worked for him would have recognized the Costanzo concept had it been obvious because they were familiar with the patents cited by the examiner, since they were involved with the development of electric socks. Upon being questioned by the Court, he said that the fact that people skilled in the art didn't see the potential of plaintiff's concept was in fact the basis for his opinion. If this logic was sound, any new concept would always be patentable on the theory that it was nonobvious since no one did it before. However, this is not the test."(Joint Appendix 86, 87).

The 1966 Report of the President's Commission on the Patent System, pp. 2-3 is a recent affirmation of the function and importance of the protection of inventors' rights as a means of forwarding economic advancement. This report states:

Agreeing that the patent system has in the past performed well its Constitutional mandate 'to promote the progress of . . . useful arts,' the Commission asked itself: What is the basic worth of a patent system in the context of present day conditions? The members of the Commission unanimously agreed that a patent system today is capable of continuing to provide an incentive to research, development, and innovation. They have discovered no practical substitute for the unique service it renders.

First, a patent system provides an incentive to invent by offering the possibility of reward to the inventor and to those who support him. This prospect encourages the expenditure of time and private risk capital in research and development efforts.

Second, and complementary to the first, a patent system stimulates the investment of additional capital needed for the further development and marketing of the invention. In return, the patent owner is given the right, for a limited period, to exclude others from making, using, or selling the invented product or process.

Third, by affording protection, a patent system encourages early public disclosure of technological information, some of which might otherwise be kept secret. Early disclosure reduces the likelihood of duplication of effort by others and provides a basis for further advances in the technology involved.

Fourth, a patent system promotes the beneficial exchange of products, services, and technological information across national boundaries by providing protection for industrial property of foreign nationals.

Each of the foregoing attributes noted by the Commission can be seen at work with respect to the Costanzo Patent in suit. Because of the incentive to invent provided by the Patent System, Costanzo undertook the expenditure of time to experiment and to risk what small capital he had or could borrow at the time, to develop and patent the electric sock.

The prospect of securing a patent grant for the Costanzo electric sock stimulated the investment of additional capital by Timely Products Corporation, needed for the further development and marketing of the invention in suit.

By publicly disclosing his invention a basis was provided to further advance the technology involved, and based on this disclosure both the Plaintiff and Defendant have extended the teaching thereof to other products.

Evidence of the fourth attribute noted by the Patent Commission pertaining to the interchange of technical information across national lines is evident in this case in that Costanzo applied for and secured corresponding foreign patents on his heated sock in Canada (2), Great Britain, Japan, Switzerland, France, Belgium, Norway and Russia. Such exchange of technology

information must certainly result in inviting reciprocal interchange by foreign nationals. One need not be a student of international business to appreciate the rapid technological interchange of ideas occurring daily through the reciprocal opportunity afforded by international patenting and the recognition of inventions made abroad.

In view of the weight of the evidence presented at trial; the presumption of validity accorded to an issued patent, absent any proof to the contrary; the failure of the Defendants to successfully attack the validity of Plaintiff's patent, and the overwhelming weight of authority cited herein, it is respectfully prayed that the Appeals Court find the Costanzo patent valid, and that the conclusion reached by the trial court as to this issue be reversed.

II. DID THE TRIAL COURT COMMIT ERROR IN REFUSING TO PLACE IN EVIDENCE PLAINTIFF'S NINE (9) CORRESPONDING ISSUED FOREIGN PATENTS AS EVIDENCE OF INVENTION.

It is submitted that the trial court committed serious error in refusing to admit into evidence Plaintiff's corresponding foreign patents granted to him by Canada (2), Great Britain, Japan, Russia, Norway, Switzerland, France and Belgium.* By refusing the admission of these foreign patents into evidence, Plaintiff was denied the opportunity to put in evidence by way of expert testimony the procedures and requirements of patentability of the respective foreign countries which granted Plaintiff corresponding patents. As the Supreme Court noted in Graham v. John Deere, supra the question of validity is one of law based on factual findings. Clearly the granting of corresponding patents by foreign governments and the reasons therefor should have been factually probed as such probe is relevant to the issue of patentability. Such inquiries were held to be relevant in American Infra-Red Radiant Co. v. Lambert, Inc. 360 F² 977 at 987. Furthermore, the granting of corresponding foreign patents would be exemplary of the type of secondary consideration the Supreme Court intended in Graham v. John Deere, supra.

The granting of corresponding patents by nine (9) of the leading industrial countries in the world must be conclusive

*Copies of these foreign patents can be found in Plaintiff's attached Exhibit Volume.

of the "universal patentability" of Plaintiff's invention. By denying to admit Plaintiff's corresponding patents into evidence, the trial court denied Plaintiff the opportunity to establish that Plaintiff's invention was subjected to an examination as severe, if not more severe, than that conducted in the United States, and further, that in certain of the granting countries, Plaintiff's invention was published for opposition (an inter-party proceeding) prior to granting.

Certainly, the respective Patent Offices of the foreign countries that granted a corresponding patent to the Plaintiff must be deemed a "master" in the art within the definition as defined by Justice Douglas in the A & P case, supra. Judge Murphy's comment that some or all or all of the corresponding foreign patents could have been granted as a matter of form because of the issuance of the Costanzo U.S. Patent is simply not so. This statement by the court clearly evidences the lack of understanding on the part of the trial court as to the relevancy of a corresponding foreign grant. Had the trial court permitted Plaintiff's corresponding foreign grants to be placed in evidence, sufficient testimony could have been introduced to overcome the trial court's erroneous concept regarding foreign patent grants.

As it was stated in Guardian Trust Co. v. Dowington Mfg. Co. 25 F² 878:

The doctrine of the law upon which the finding of validity is based comes to this: That no court will follow its judgement to deny invention in the face of the common judgement that invention is present; when the common judgement is those skilled in the art; and who are selfishly interested to deny it, if it does not exist.

It is submitted that each of the foreign patent offices and particularly, Russia, would have "selfishly denied" Plaintiff his patent grant, if they did not sincerely find that Plaintiff's invention did constitute a significant "advance in the art."

III. IF THE TRIAL COURT IS CORRECT IN FINDING ONLY CLAIM 2 OF THE COSTANZO PATENT INVALID, DOES THIS CONCLUSION JUSTIFY A FINDING OF INVALIDITY OF THE COSTANZO PATENT (PX-1) IN ITS ENTIRETY.

35 USC 282 expressly sets forth:

A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party ascertaining it.

In the present case, the trial court found that only claim 2 was in issue and that it determined to be invalid. (Joint Appendix 82) Yet the trial court held the entire Costanzo patent invalid. (Joint Appendix 129.) The Trial Court's opinion is completely devoid of any specific finding which can in any way support the trial court's holding that Costanzo's entire patent is invalid.

The Supreme Court noted in Russell v. Place 94 US 606; 24 L Ed. 214

A patent may be valid as to a single claim and not valid as to others. The record wants, therefore, the certainty which is essential to its operation as an estoppel

....

In Maloney-Crawford Tank Corp. v. Sauder Tank Co. 465 F² 1356 1972 (10 Cir.) it was held:

Separate claims in the same patent are in effect separate inventions. *Smith Industries International v. Hughes Tool Co.* 396 F² 735 (5 Cir. 1968). Each claim of a patent therefore grants the patentee an exclusive right. *Stukenborg v. U.S.* 372 F² 498, 178 Ct. Cl. 738 (1967). The fact that a particular claim without more, cannot invalidate the entire patent. Each claim of a patent must be considered separately and each must stand or fall alone. *Automated Building Components Inc. v. Hydro Air Engineering, Inc.* 237 F Supp. 247 (Ed. Mo. 1964) affirmed 362 F² 989 (8 Cir. 1966). Claims should also be read narrowly to avoid the prior art when ever possible. *Bechman Instruments Inc. v. Chemtronics, Inc.* 439 F² 1369 (5 Cir. 1970) Court denied 400 U.S. 956.

See also *Kearney & Trecker Corp. v. Giddinger & Lewis, Inc.* 452 F² 579 (7 Cir. 1971).

In the case at bar, there are four claims in the Costanzo Patent (PX-1). Each claim varies in scope and content. Only claim 2 of the Costano patent was placed in issue. (Joint Appendix 82). The court expressed findings of facts, as required by Rule 52(a) of the FRCP, was strictly limited to claim 2. It follows that if claim 2 is invalid (assuming the trial court's conclusion of law as to the issue of validity of this claim can be sustained) such conclusion cannot possibly support a holding that the all of the claims of the Costanzo Patent (PX-1) are invalid. The trial court made absolutely no findings of fact as required by Rule 52 of FRCP with respect to claims 1, 3, and 4 of the Costanzo Patent (PX-1).

If the trial court's holding of invalidity of claim 2 can be sustained, then it is error to hold that all of the claims of the Costanzo patent are invalid in the absence of any specific findings of facts in support thereof.

IV. DID THE TRIAL COURT IMPROPERLY DENY PLAINTIFF'S REQUEST FOR COST AND ATTORNEY'S FEES.

35 USC 285²¹ expressly provides that "The Court in exceptional cases may award reasonable attorney's fees to the prevailing party; and Title 28, Sections 1920 and 1923 provide for taxing for cost. Generally the taxing of cost is discretionary with the court. The award of attorney's fees in patent cases under 35 USC 285 on the other hand is granted in "exceptional cases" only. The awarding of attorney's fees is designed to prevent a gross injustice to an alleged infringer. Pennsylvania Crusher Co. v. Bethlehem Steel Co. (3 Cir.) 1951 193 F² 445. In this case it was held that a "fraud" practice on the Patent Office or vexations or unjustified litigation are adequate justification for awarding attorney's fees in patent cases. At trial it was clearly established, and the trial court so found, that Defendant Stanley Arron was virtually a habitual offender of the acceptable rules of "good faith and candor" required not only before the Patent Office, but in the business world in general and with respect to statutory obligations of filing proper corporate annual reports to the State of Connecticut. The trial court noted that the Rule 131 Affidavit filed by Defendant Stanley Arron to swear back of the Costanzo Patent alleged a conception date prior to the filing date of the

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35 USC 285 reads as follows: "The Court in exceptional cases may award reaonable attorney's fees to the prevailing party."

Costanzo Patent (PX-1). The trial court found that Defendant Stanley Arron in fact did not conceive any alleged invention prior to the filing date of the Costanzo Patent. (Joint Appendix 96). It was also established that Defendant Stanley Arron submitted altered documents to the Patent Office to support allegations made in his Rule 131 Affidavit. Lack of candor was also proven, in that Stanley Arron wilfully withheld relevant information from the Patent Office with respect to his prior association with Costanzo and also withheld evidence as to existing prior art, e.g., the Costanzo sock development and two patents noted on a preliminary patent search. All of these acts were deliberate and with the intent to deceive the Examiner into withdrawing the Costanzo Patent PX-1 as a reference against the Arron sock patent application (PX-2).

The fact that the Examiner relied upon Defendant Stanley Arron's Rule 131 Affidavit and the fraudulent evidence in support thereof is evident by the Examiner withdrawing the Costanzo Patent (PX-1) as a reference against Arron sock patent PX-2. But for this "fraudulent" Rule 131 Affidavit, and deception, it is submitted that the Arron sock patent (PX-2) would not have been granted, and Defendants' claims of patent infringement could never have been asserted.

Stanley Arron also admitted to filing false corporate annual reports with respect to his company, Visa Therm Products, Inc. to the Secretary of State. With respect to the Arron heater patent PX-3, Stanley Arron alleged that the subject matter thereof was not placed in "public use or on sale" more than one year prior to the filing of the patent application thereon. It was proven at trial that Defendant Stanley Arron did make such a sale and that such sale constituted a bar against any valid patent grant under 35 USC 102(b).

As it was also noted in *Park-in Theatres v. Perkins* 190 F² 137 (9 Cir.)

"The exercise of discretion in favor of such an allowance [attorney's fees] should be bottomed upon a finding of unfairness or bad faith in the conduct of the losing party or some other equitable consideration of similar force which makes it grossly unjust that the winner of the particular law must be left to bear the burden of his own counsel fee which prevailing litigants normally bear." (citing cases).

Therefore the question to determine this issue is whether facts of this case are such as to make it an "exceptional case."

Defendants have counterclaimed that Plaintiff infringed two of defendants patents; viz., Arron electric sock patent No. 3,392,264 (PX-2) and Arron heater patent No. 3,524,963 (PX-3). Plaintiff proved and the trial court so found that Defendant's Patent 3,392,264 (PX-2) was improperly obtained from the Patent Office. Thus the trial court found that Arron received

his sock patent just short of "fraud." However, Plaintiff strenuously urges that the proven acts of the Defendants in obtaining his sock Patent 3,392,264 (PX-2) from the Patent Office was secured by "actual and wilfull fraud." To swear back of Plaintiff's heated sock patent which had issued, and which was cited against the Arron patent application (PX-2A), Defendant Arron made a Rule 131 Affidavit to swear back of the Costanzo Patent. It is evident that the Patent Office relied on this affidavit as the Costanzo Patent (PX-1) in suit was withdrawn as a reference and the Arron Patent subsequently issued. It was conclusively proved at trial that the affidavit Arron presented to the Patent Office in fact was not sufficient to "swear back" of Costanzo's filing date. (Joint Appendix 96).

It was also conclusively proved at trial that the supposed Arron conception letter on which he relied was in fact an altered document and not the original document as required by the Patent Office Rules of Practice.²² It was also proved at trial by Defendant Arron's own admission that a sales slip attached to Defendant Arron's Rule 131 Affidavit had been altered by Defendant.

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Rule 131 of the Patent Office Rules of Practice expressly states "Original exhibits of drawings or records, or photocopies thereof, must accompany and form part of the affidavit or declaration, or in their absence, satisfactorily explained."

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It was also proved at trial that Defendant Stanley Arron withheld information with respect to two patents which were noted on a prior search of the art made by the Defendant. While the court specifically found that Defendants were not obligated to apprise the Patent Office of the references noted on a novelty search, the Defendant's intentional omission to do so coupled with the other wilful and intentional practices (Joint Appendix 105) should have resulted in finding that Defendants' wrongs constitute an "exceptional case."

The case takes on additional exceptionance when it is noted that all of the Defendants' acts which lacked the requisite "candor and good faith" were directed for the sole purpose of misleading the Patent Office into granting Defendant a patent to which he was not otherwise entitled, and thereafter instituting serious charges of infringement against Plaintiff with the full knowledge of his "lack of good faith" in securing the patent. As a result, Plaintiff was put to the task of expending a considerable amount of attorney's fees to strike down Defendant's patent, which would have not been granted, except for Defendant's "fraud."

The present case must be deemed an "exceptional case" for the further reason that subject matter of Defendant's second patent, i.e., the Arron heater patent No. 3,524,965 (PX-3) was "on sale" more than one year before the effective date of the Arron

(PX-3A)

patent application, contrary to the "oath" or "declaration" made by Defendant Stanley Arron ²³ when he filed the application for said patent, 3,524,965 (PX-3).

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In filing an application for patent, an applicant must make (PX-3A) "oath" or "declaration" that the subject matter of the application was not "in public use" or "on sale" more than one year prior to filing of the application. 35 USC 115 states: "The applicant shall make oath that he believes himself to be the original and first inventor of the process, machine, manufacture, or composition of matter, or improvement thereof, for which he solicits a patent; and shall state of what country he is a citizen..."

Rule 68 of Patent Office Rules of Practice states: "Any document to be filed in the Patent Office and which is required by any law, rule, or other regulation to be under oath may be subscribed to by a written declaration with the exception of testimony relating to interferences and other contested cases covered by rules 271 to 286. Such declaration may be used in lieu of the oath otherwise required, if, and only if, the declarant is on the same document, warned that willful false statements and the like are punishable by fine or imprisonment, or both (18 U.S.C. 1001) and may jeopardize the validity of the application or any patent issuing thereon. The declarant must set forth in the body of the declaration that all statements made of his own knowledge are true and that all statements made on information and belief are believed to be true."

18 U.S.C. 1001 states: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

At trial it was conclusively proved, and the trial court so found that the Defendant did in fact place the subject matter of Defendant's Heater Patent 3,524,965/^(PX-3)"on public sale" more than one year before the effective date of said patent/^(PX-472). Since this fact was known to the Defendant, and he failed to bring this fact to the attention of the Patent Office he willfully and intentionally misled the Patent Office into granting the patent thereon. After having secured an invalid patent, Defendant proceeded to allege a charge of infringement of said patent (PX-3) against the Plaintiff in this Action. For this reason Plaintiff had to expend additional effort and attorney's fees to uncover and prove Defendant's devious, willful and intentional "fraud" on the Patent Office. Hazel-Atlas Co. v. Hartford, Co. 332 U.S. 250-251. Chromalloy American Corp. v. Alby 339 F. Supp. 859 (1972).

The test establishing the materiality of Defendant's "fraud" as set forth in Norton v. Curtiss 433 F² 779 was clearly established at trial. If Defendant had not made "oath" or "declaration" to the "fact" that he had conceived the subject matter of his "Sock Patent 3,524,965" (PX-2) prior to the effective date of the Costanzo patent (PX-1) in suit, the Patent Office would not have withdrawn the Costanzo Patent PX-1 as a reference. Defendant Stanley Arron in causing the Patent Office to remove the Costanzo Patent PX-1 as a reference removed the only obstacle standing in

Defendant's way in securing a U.S. Patent.

Also, if Defendant had advised the Patent Office of the prior public use of the subject matter sought to be covered in the Defendant's heater patent 3,524,965 (PX-3), the patent would have never issued. Thus, by withholding this information, Defendant Stanley Arron was guilty not only of a "material fraud" on the Patent Office, but is also liable for "actionable perjury" under 18 USC 1001. Precision Co. v. Automotive Co. 324 US at 818, 819. Chromalloy American Corp. v. Alloy 339 F. Supp 859. Monolith Portland Midwest Co. v. Kaiser Aluminum Co. 407 F² 288.

The evidence presented at trial is replete with Defendants consistent lack of conscience, moral irresponsibility and a willful disregard of a "sworn statement" or "oath." It was brought out that Defendant Stanley Arron in addition to making a false "oath" and "declaration" to the Patent Office on more than one occasion, also filed false annual corporate reports to the Secretary of State for the State of Connecticut as required by Title 33-298²⁴ of the

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Each annual report shall be*** accompanied by the required filing fee. The report shall be signed by the filing corporation's president or vice president or secretary or assistant secretary or treasurer or assistant treasurer and shall contain a statement under the penalties of perjury that the statements contained in the report are true. The secretary of the state shall mail to each corporation at its principal office as shown by his records, or at such other address as has been designated as provided in subsection (b) of section 33-300, a form prescribed by him for the annual report, but failure to receive such form shall not relieve a corporation of the requirement of filing the report as provided in this section. (1969, P.A. 84 S. 1.)

Connecticut General Statutes. (Plaintiff's Appendix 224,226).

(PX-536). As it was held in Monolith Portland Midwest Co.

v. Kaiser Aluminum & C. Corp. 407 F² 288 (1969).

"[6 -9] A patent applicant has a duty to the Patent Office to make a full and fair disclosure of all facts which may affect the patentability of his invention. A breach of that duty prevents the Patent Office from properly performing its function of preventing the issuance of unlawful patent monopolies. (Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co. (1945) 324 U.S. 806, 818, 65 S. Ct. 993, 89 L.Ed. 1381.)

"A patent applicant's breach of duty to the Patent Office is relevant in determining not only the validity of his patent, but also his good faith in maintaining a subsequent infringement action. An applicant's fraud on the Patent Office is enough standing alone to convert his later infringement action into an exceptional case within the meaning of section 285. But conduct short of fraud and in excess of simple negligence is also an adequate foundation for deciding that a patent action is exceptional. Such conduct is a serious breach of the patentee's duty to the Patent Office. The party who succeeds in invalidating the unlawful patent performs a valuable public service. It is appropriate under such circumstances to reward the prevailing party by giving him attorney's fees for his efforts, and it is equally appropriate to penalize in the same measure the patentee who obtained the patent by his wrongdoing.

(See Townsend Co. v. M.S.L. Industries (7 Cir. 1966). 359 F. 2d 814; Dubil v. Rayford Camp & So. (9 Cir. 1950) 184 F. 2d 899, 902.

Compare Hoge Warren Zimmermann Co. v. Nourse & Co. (6 Cir. 1961) 293 F. 2d 779, 783-784."

Particular reference is also made to Norton v. Curtiss 433 F 2d. 779 (1970).

In *Kearney & Trecker Corp. v. Giddings & Lewis, Inc.*

(7 Cir. 1971) 452 F² 579 at 597, it is noted:

"[10] We agree that this is an exception case and that the recovery authorized by Sections 285 should be allowed. The factors which we consider of controlling importance are not the protracted and complex character of the litigation but rather the nature of plaintiff's wrongdoing and its potential impact on the public. See *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*, 407 F.2d 288, 294 (9th Cir. 1969); cf., *Scott Paper Co. v. Fort Howard Paper Co.*, 432 F.2d 1198, 1204-1205 (7th Cir. 1970), cert. denied, 401 U.S. 913, 91 S.Ct. 882, 27 L.Ed.2d 812. It is of paramount importance that neither the integrity of the Patent Office, nor public confidence in that integrity, be impaired."

As noted in *Monolith Portland Midwest Co. v. Kaiser Aluminum*, supra any conduct short of fraud and in excess of simple negligence is also an adequate reason for deciding a patent action is exceptional. It is submitted that few, if any, cases can be found to be more exceptional than the present case. See *CPC International Inc. v. Standard Brands Inc.* 184 USPQ at 340,341. *Hall v. Cole* 412 U.S. 1, 4-5; 93 S.Ct. 1943, affirming 462 F² 777 (2 Cir.).

The rule of the *Hall v. Cole* case, supra is particularly applicable to the case at bar in that "fee-shifting" is justified in that the "public in general" has attained the benefit of Plaintiff's efforts without contributing equally to the litigation expense. The benefit which the public has derived from

Plaintiff's efforts was the voiding and exposing of two patents PX2 and PX-3 which were unlawfully procured by the Defendants from the U.S. Patent Office. See also K-2 Ski Co. v. Head Ski Co., Inc. 183 USPQ at 727, which holds that the granting of attorney's fees is proper where bad faith, vexatiousness and wantonly or oppressive reasons can be shown. Clearly all of these factors have been proven, yet attorney's fees were denied by the trial court.

It is respectfully urged that in view of the facts established and authorities cited, that the trial court committed reversible error is not awarding attorney's fees and cost to Plaintiff.

V. IN VIEW OF THE EVIDENCE PRESENTED AT TRIAL, DID THE TRIAL COURT PROPERLY CONCLUDE THAT DEFENDANTS DID NOT WILLFULLY APPROPRIATE PLAINTIFF COSTANZO'S ELECTRIC SOCK INVENTION.

It was established at trial that Plaintiff Costanzo and Defendant Stanley Arron were close business associates. As the trial court noted, Costanzo and Arron for all "practical purposes" were partners and had entered into an agreement to form Stanzo Electronic Industries, Inc., wherein the stock was to be divided equally between them. As the trial court correctly noted, the agreement (PX-527) did not mention electric socks (as Costanzo had not then invented the electric sock). However, the agreement did expressly state that all inventions and ideas contributed by Costanzo would return to him (Costanzo). (PX-527).

During the time that Costanzo and Arron were closely associated, Costanzo invented the electric sock and disclosed the construction to Stanley Arron. In fact, Stanley Arron in a letter dated July 30, 1965 (PX-28) clearly attributed the electric sock invention to Costanzo. (Plaintiff's Appendix 215, 216, 217).

A great amount of evidence was introduced at trial wherein it was shown that both Costanzo and Stanley Arron considered the Costanzo electric sock as secret, proprietary information.

There was no dispute as both Costanzo and Stanley Arron would disclose the Costanzo electric sock invention "only" when parties

to whom the electric sock invention was shown would sign an agreement that they would hold the information in confidence. While Defendant Stanley Arron never signed a formal agreement, he nevertheless knew that the Costanzo electric sock was secret and that it was Costanzo's intent to maintain this secrecy; and that Defendant Stanley Arron so understood. This is evident as Stanley Arron admitted that he never made any disclosure of the Costanzo invention without first securing a confidential disclosure agreement executed (PX-35 PX-23 PX-281C EX-13 EX-11) (EX-15 EX-16, EX-17, EX-18 EX-19 EX-20 EX-21 EX-22) marked for identification only were other confidential agreements secured by Arron in behalf of Costanzo.

As Defendant Stanley Arron was a close business associate of Costanzo, and considered as a partner of Costanzo in the operation of Stanzo Electronic Inc., it is elementary that Stanley Arron owed a fiduciary relationship to Costanzo not to disclose or breach the confidence which Costanzo entrusted to Stanley Arron. The evidence at trial further indicated that Stanley Arron in fact functioned as an agent to Costanzo as there was an oral agreement between them that Stanley Arron would be adequately compensated if he was successful in placing the electric sock invention with a reliable manufacturer. This was evidenced by Stanley Arron's active participation in several proposed arrangements as evidenced by the Shelton Hoiser, Kaiser Roth and Murcus negotiations, PX-30, PX-110 and PX-33.(TT367,368).

It is submitted that the trial court erred in holding that because there was no written promise on the part of Stanley Arron to maintain the Costanzo sock invention secret, that Arron was ^{not} bound to maintain the ^{confidentiality} of the disclosure which Costanzo made to him.

The proofs presented at trial clearly evidence the fact that the Costanzo electric sock was secret and Defendant Stanley Arron so understood. Reference is made to Cloud v. Standard Packaging Corp. 376 F² 384; 153 USPQ at 320 wherein it is stated:

"Where the facts show that a disclosure is made in order to further a particular relationship, a relationship of confidence may be implied; e.g., disclosure to a prospective purchaser to enable him to appraise the value of the secret, disclosure to a prospective lender to assure him of the prospects of the borrower's business, disclosure to agent, partner, or joint venturer." Cloud v. Standard Packaging Corp. 376 F² 384. 153 USPQ 317 at 320; Hoelthe v. C.M. Kemp Mfg. Co. 80 F² 912 (4 Cir.); Crt. denied 298 U.S. 673 Booth-Stutz Motor Car Co. of America CCA 7 Cir. 56 F² 962. Restatement of Torts Sec. 757 Packmajor Gun Works v. Olin Mathieson Chemical Corp. (9 Cir.) 183 USPQ at 5. [emphasis added]

The trial court also erred when it held that Costanzo's invention was not a trade secret because it was a patentable article under 35 USC 101. Such reasoning is contrary to the established rule and well settled law.

The "secret" in *Hoelthe v. C.M. Kemp Manufacturing Co.*, supra, until the patent issued thereon was a "mechanical device" i.e., a fire check. As was noted in the *Hoelthe* case, supra:

"The genral rule, of course, is that the monopoly of a patent which entitles a patentee to damages for infringement commences only when the patent is granted; but where, in advance of granting of a patent, an invention is disclosed to one who, in breach of the confidence thus reposed, manufactures and sells articles embodying the invention, such person should be liable for the profits and damages resulting therefrom, not under the patent statutes but upon the principle that equity will not permit one to unjustly enrich himself at the expense of another."

It has been well established that trade secret law is a part of that branch of law known as unfair competition, and that law is governed by the State Substantive Law. *Pecheur Lozenge Co. v. National Candy Co.* 316 US 666; 62 S.Ct. 853; 86 L.Ed. 1103; *Plastics & Metal Fabricators Inc. v. Roy* (Conn. Supreme Court 1972) 175 U.S. P.Q. 49.

Thus a suit for a wrongful disregard of a confidential relationship is a matter independent of the Patent laws. *Becher v. Contoure Labs.* 279 U.S. 388, 391; 49 S.Ct. 356; 73 L.Ed. 752; *Kewanee Oil Co. v. Bicron* 94 S.Ct. 1879 (1974).

It is to be noted that Judge Murphy's conclusion that the Supreme Court in the *Kewanee Oil Co. v. Bicron*, supra merely holds "that trade secret laws protect items which would not be proper

subjects for consideration for patent protection under 35 USC 101," is simply not correct. In the *Kewanee Oil Co. v. Bicron* supra, the Supreme Court expressly noted:

"We conclude that the extension of trade secret protection to clearly patentable inventions does not conflict with the patent policy of disclosure. Perhaps because trade secret law does not produce any positive effects in the area of clearly patentable inventions, as opposed to the beneficial effects resulting from trade secret protection in the areas of the doubtfully patentable and clearly unpatentable inventions, it has been suggested that partial pre-exemption may be appropriate, and that the courts should refuse to apply trade secret protection to inventions which the holder should have patented, and which would have been thereby disclosed. However, since there is no real possibility that trade secret law will conflict with the federal policy favoring disclosure of clearly patentable inventions, partial pre-exemption is inappropriate." [emphasis added.]

A careful reading of the *Kewanee Case*, supra will evidence that the law of trade secrets is applicable against breaches of confidence to all three categories of trade secrets, viz.,

- (1) Trade secrets believed by its owner to constitute a valid patent,
- (2) Trade secret known to its owner not to be so patentable, and
- (3) Trade secrets whose valid patentability is considered dubious.

See *Painton v. Bourns* (2 Cir.) 442 F² 224.

As the Supreme Court noted in the Kewanee Case, Supra:

"The maintenance of standards of commercial ethics and the encouragement of inventions are the broadly stated policies behind trade secret laws. The necessity of good faith and honest, fair dealing is the very life and spirit of the commercial world."

In the case at bar, Plaintiff by overwhelming evidence proved that the Defendant Stanley Arron was neither honest, fair or reputable in maintaining the confidence which the Plaintiff placed upon the Defendant.

In view of Judge Murphy's erroneous interpretation of the Rule in the Kewanee Case, supra, his reliance on the Rule of Sears Roebuck & Co. v. Stiffel 376 U.S. 225 and Compos Corp. v. Day-Brite Lighting Col., Inc. 376 U.S. 234 is also misplaced. Judge Murphy's conclusion based on his interpretation of both the Sears case, supra and the Compos case, supra would imply that because an "article" or "invention" is not covered by a patent, one is free to copy, regardless of the means by which the copier acquired his information. Such is not the rule of either the Sears case or the Compos case, supra. The Sears Case and the Compos Case merely held that State law may not prohibit one from copying by fair means, that which is not patented and/or in the public domain. In the case at bar, Plaintiff's invention, at the

time of its appropriation by Defendant Stanley Arron was not in the public domain, and it was maintained a secret.

Costanzo maintained his invention secret until the secrecy was breached by Arron securing Seneca Knitting Mills to manufacture and sell an electric sock embodying the Costanzo concept. Thus, Judge Murphy's holding that the Costanzo invention was in the "Public domain" at the time it is alleged that Defendant Arron breached his confidential relationship is simply not supported by the evidence presented at trial.

In view of the holding of the Kewanee case, supra and in view of the undisputed evidence presented at trial, it is submitted that Judge Murphy made a serious error in applying the law of unfair competition to the facts established at trial with respect to Plaintiff's unfair competition claim.

Error in Judge Murphy's reasoning is evident in Judge Murphy's limited definition of unfair competition as quoted from Learned Hand's statement in Yale Electric Corp. v. Robertson, 26 F² 972, 973 (2 Cir. 1928). (Joint Appendix 119). This quotation to which Judge Murphy makes reference to relates to the act of unfair competition pertaining to "palming off" of one's product from that of another. While admitted "palming off" was the classic definition of "unfair competition" in 1928, the law of unfair competition has come a long way since then.

Plaintiff never alleged that Defendants were "palming off." Plaintiff's allegations and proofs were directed to Defendant's act of misappropriation and breach of confidential relationship as the acts of unfair competition committed by Defendants.

It is now well established that "misappropriation" and "breach of a confidential" relationship constitutes acts of unfair competition; and that "trade secret" law is a branch or part of the "unfair competition law." Kewanee Oil Company v. Bicron, supra; Plastic and Metal Fabricators Inc. v. Roy, supra.

Reference is also made to Schechter Corp. v. United States 295 U.S. 531 wherein Justice Hughes defined unfair competition as follows:

"Unfair competition as known to the common law is a limited concept. Primarily and strictly it relates to the "palming off" of one's goods as those of a rival trader. (cases cited). In recent years, this scope has been extended. It has been held to apply to misappropriation as well as to misrepresentation of what ethically belongs to another. International News Service v. Associated Press 248 U.S. 215, 241, 242. Unfairness in competition has been predicated on acts which lie outside the ordinary course of business and are tainted by fraud, coercion or conduct otherwise prohibited by law."

See also Booth v. Stutz Motor Car Co. of America 56 F² 962 (7 Cir); Schreyer v. Casco 190 F² 921 (2 Cir.) cert. denied 342 U.S. 913. Franke v. Willschek 209 F² 493 (2 Cir.). Matarese v. Moore McCormack Lines (2 Cir.) 158 F² 631.

In the case at bar, Defendant Stanley Arron knew of the secrecy of the Costanzo invention, as he was adequately advised by Plaintiff, and Stanley Arron did follow Plaintiff's desires to keep the electric sock invention by securing confidential disclosure agreements whenever a disclosure was made. Yet while Stanley Arron sought others to maintain the Costanzo secret, he himself when it suited his purpose breached the confidence which he (Stanley Arron) expected others to maintain.

Under the facts established, it is clear that the law will imply that the disclosure made by Costanzo to Arron was in confidence. As was noted in Cloud v. Standard Packaging supra:

"Likewise, the confidence does not arise if B has no notice of the confidential character of the disclosure. But no particular form of notice is required. The question is simply whether in the circumstances B knows or should know that the information is A's trade secret and that its disclosure is made in confidence."

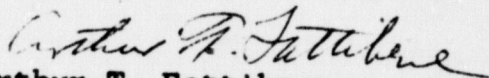
The evidence is clear. Stanley Arron knew of the secrecy attached to the Costanzo invention as he religiously sought others to maintain the confidence which he himself subsequently breached.

CONCLUSION

In view of the foregoing arguments, reasons, and authorities in support thereof, it is respectfully urged that this Court find:

1. That claim 2 of Plaintiff's patent is valid.
2. That claims 1, 3, and 4 of Plaintiff's patent are valid in the absence of any specific findings to the contrary as required by Rule 52 of FRCP.
3. That Defendant Stanley Arron breached his confidence and unlawfully appropriated Plaintiff's invention, and that Plaintiff be awarded damages.
4. That Plaintiff be awarded cost and reasonable attorney's fees for the action below since the proven facts would make the case an exception one under 35 USC 285, as well as cost and attorney's fees for this Appeal.
5. That Plaintiff's corresponding foreign patents should have been admitted into evidence as being relevant to the issue of patentability of Plaintiff's patent in suit.

Respectfully submitted,


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IN THE UNITED STATES COURT OF APPEALS
SECOND CIRCUIT

RAPHAEL J. COSTANZO,
Plaintiff-Appellant

Appeal Docket No.

vs.

74-2455

STANLEY ARRON, VISA THERM PRODUCTS,
INC., ANNA ARRON and ANNA ARRON
Executrix of Estate of Max Arron,

Defendants Appellees.

PROOF OF SERVICE

I, ARTHUR T. FATTIBENE, hereby Certify that 2 copies of Appellant's Brief in the above-identified appeal together with 2 copies of the Appellant's Appendix and Joint Appendix have been mailed first class, postpaid, to Attorneys of Record for Appellees at their post office address listed as follows:


Edward Kunin, Esq.
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and

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on the 14th day of March, 1975.

Dated: New York, N.Y.
March 14, 1975.


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Appeal Docket No. 74-2455

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RAPHAEL J. COSTANZO,
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